Navigating Turbulent Regional Waters: Politics in Southern Eurasia

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Navigating Turbulent Regional Waters

POLITICS IN SOUTHERN EURASIA

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PONARS Eurasia
Institute for European, Russian and Eurasian Studies
(IERES) Elliott School of International Affairs
The George Washington University
1957 E Street NW, Suite 412
Washington, DC 20052
Tel: (202) 994-6340
www.ponarseurasia.org

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About the Authors

George Gavrilis served as a counter-terrorism consultant to the United Nations in 2015 and 2016.

Farid Guliyev is a Research Associate at the Eurasia Extractive Industries Knowledge Hub, a regional focal point of the Natural Resource Governance Institute at Khazar University, Azerbaijan.

Natalie Koch is Assistant Professor in the Department of Geography, Maxwell School of Citizenship and Public.

Andrey Makarychev is Visiting Professor at the Institute of Government and Politics at the University of Tartu in Estonia.

Sergey Markedonov is Associate Professor at Russian State University for the Humanities, Russia.

Eric McGlinchey is Associate Professor of Politics in George Mason University's School of Policy, Government, and International Affairs.

Mariya Omelicheva is Associate Professor in the Department of Political Science at the University of Kansas.

Sebastien Peyrouse is Research Professor of International Affairs at the George Washington University.

Scott Radnitz is Associate Professor at the Henry M. Jackson School of International Studies and Director of the Ellison Center for Russian, East European, and Central Asian Studies at the University of Washington.

Nona Shahnazarian is a Research Fellow at the Institute of Archaeology and Ethnography at the National Academy of Sciences, Armenia.

Anar Valiyev is Associate Provost at ADA University, Baku, Azerbaijan.

Foreword

Marlene Laruelle
George Washington University

In recent years, while Western attention has been mostly focused on the unresolved situation of Ukraine and the ongoing war in Syria, the countries of Southern Eurasia have quietly undergone rapid changes. Three dynamics have been at work there in the realms of domestic politics, regional geopolitics, and societal transformations.

In several South Caucasus and Central Asian countries, the authoritarian regimes in place are increasingly challenged not by the opposition, but by the inertia of the system, ageing bureaucracies, and a decline in the state budgets once used to invest in mega-projects and secure popular support. This challenge has been particularly pronounced in the Caspian countries, including Azerbaijan, Kazakhstan and Turkmenistan, whose oil and gas dreams have largely faded with deep changes to the structure of the world energy market.

Russia's influence in Southern Eurasia has been challenged, to some degree, by domestic constituencies and local evolutions in the South Caucasus, as well as by China's growing role in Central Asia. Nevertheless, Moscow remains the central geopolitical player for the countries that border Russia to the south, not to mention a critical security player, even if it offers no solutions to homegrown issues and challenges, such as a lack of economic prospects, the rise of nationalist and Islamist narratives, and narcotrafficking from Afghanistan. These unresolved challenges mean that local regimes are not only limited in their room of maneuver between the West and Russia in the South Caucasus, or Russia and China in Central Asia, but also questioned by their own constituencies, particularly the younger generations.

I. South Caucasus Transformations and Immobilities

The Limits to Russian Soft Power in Georgia

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January 2016

Andrey Makarychev*
University of Tartu

Russia's use of soft power in Georgia has become an obligatory talking point in discussion of the two countries' relations. Western media is full of predictions about the eventual erosion of Georgia's pro-Western consensus, torpedoed by a coalition of pro-Eurasian NGOs, the Georgian Orthodox Church (GOC), and groups of Russia sympathizers within the elite. The alleged growth of Russian influence is paralleled by assumptions of Western inaction; observers argue that the West is unlikely to ever "meaningfully" support Georgia against serious Russian exploits. In Georgia, however, there is a more skeptical view about Russian soft power. Ultimately, Russia's influence is limited; it is channeled through similarities in the countries' conservative and religious sociocultural agendas, as well as the political pragmatism of certain domestic forces.

The Logic of Russian Soft Power in Georgia

Russia's policy toward Georgia has a few different foundations. Generally, Moscow claims a special role toward conflict-ridden states of the "near abroad" like Georgia. This is not only due to its status as legal successor to the Soviet Union but also its peacekeeping role in the early 1990s, when no international organization was ready or willing to provide an alternative. Arguably, Russia's peacemaking efforts were not entirely specious. In 1997, Yevgeny Primakov acted as a mediator between Abkhaz secessionist leader Vladislav Ardzinba and then-Georgian president Eduard Shevardnadze, even obtaining consent from Ardzinba to reunite in a single state with Georgia. According to Primakov, the deal failed because Shevardnadze insisted on a unitary state, which was unacceptable to the Abkhaz. Until 2008, Moscow even sanctioned Abkhazia for separatism, at least formally. The Kremlin also played a key role in removing Aslan Abashidze, the head of the autonomous republic of Adjara, from power, after he clashed with then-president Mikheil Saakashvili in 2004.

Russian policy toward Georgia draws on other reasoning as well. Geopolitical realists perceive the actions of a classic hegemon, motivated by the desire to impose control over the volatile Caucasus. Normative crusaders (for example, Leonid Kalashnikov, a

* Andrey Makarychev is Visiting Professor at the Skytte Institute of Political Studies at the University of Tartu, Estonia.

member of the Russian parliament's foreign relations committee) claim that Russia does not have any material interest in supporting Abkhazia and South Ossetia against Georgia, and only does so out of a sense of justice.

What both viewpoints share is the idea that Georgia's EU Association Agreement (signed in 2014) is just another sign of Russia's further marginalization in Europe. Indeed, Georgia—along with Ukraine and Moldova—has achieved much more in practical terms in its relations with Brussels than has Russia. The possibility that Georgia will stake out a faster path to Europeanization than Russia is a strong irritant for its ruling elite.

Russia never managed to transform its arguments into a consistent narrative that Georgians could find appealing. Moscow tends to deny the possibility that Georgians might genuinely desire integration with the West, instead claiming that the United States just manipulates Georgia in that direction. Georgian observers view this policy as irrational and self-defeating. Moscow's recognition of Abkhazia and South Ossetia after the August 2008 war only diminished its leverage over Tbilisi.

Russia's Potential Levers

How does Russia try to sway Georgia? There are a number of segments of the Georgian political community that are open and susceptible to Russian influence. But how well are Moscow's efforts working?

1) Abkhazia and South Ossetia

The most challenging issue concerns the conflicts over Abkhazia and South Ossetia. On the one hand, Russia refuses to acknowledge itself as a party to the conflicts and regularly calls on Tbilisi to negotiate directly with Tskhinvali and Sukhumi. On the other hand, Russia has sought to retain full control over any dialogue and insists that Georgia forget about its "overseas partners" as mediators and deal exclusively with Moscow.

In practical terms, Russia's approach implies that a resolution to the conflicts is hypothetically possible but at a price too high for Georgia to seriously consider. Despite Russia's insistence on recognizing the breakaway territories as independent states, Russia's deputy foreign minister Georgi Karasin has said that "the crucial thing is to convince Abkhazians and South Ossetians that they would be better off living in a confederation with Georgia as opposed to living on their own. Should this be attained, this would be an absolutely new political situation." Vladimir Putin has himself made similar statements. But Russia would most likely want Georgia's membership in the Eurasian Economic Union in return, an option that is unacceptable to Tbilisi.

2) Two Brotherly Churches

A second potential avenue for Russian influence is religious diplomacy. The Russian Orthodox Church (ROC) supports the integrity of the canonical territory of the Georgian Orthodox Church (GOC), mostly as a way to retain influence but also to have the GOC on its side when it comes to tricky "policy" controversies like Orthodox church issues in Ukraine or property holdings in Estonia. In contrast to the Kremlin, the ROC—at least in words—prioritizes good relations with Georgia over relations with Abkhazia and South Ossetia.

At the same time, Russian religious diplomacy revolves around a conservative agenda that has a geopolitical edge. The LGBT issue is a case in point that stands as a proxy for swaying Georgia away from the West. Many Georgian observers suspect that the Russian leadership is consciously manipulating Orthodox values in an effort to do so.

Admittedly, the GOC is a controversial institution in its own right. It supports European integration but also exhibits Stalinist sympathies. Georgian Patriarch Ilya II is critical of Russia's policy in Abkhazia and South Ossetia but he has also met—surprisingly for many—with the "Night Wolves," the pro-Kremlin Russian biker group.

The question is whether GOC sympathies that coincide with Russian positions are a product of soft power or stem from the ideological convergence of two kindred churches. Georgian priests refer to Russian spiritual teachers and copy many ROC procedures, while Patriarch Ilya II has praised Putin as a "very wise [person who] will do everything to ensure that Russia and Georgia will be brothers once again." But there is also little evidence of direct ROC outreach in Georgia, except for the sporadic sponsoring of religious youth camps and some theological university contacts.

Indeed, the GOC has made numerous efforts to distance itself from the ROC. Its leaders have issued prominent pro-Western statements. There were no ROC representatives at Patriarch Ilya's 30th enthronement anniversary. GOC priests have mentioned in interviews the ROC's de facto support of the Kremlin's campaign to deport Georgian labor migrants in 2006. The GOC did not side with Moscow on Russian policy in Ukraine. In 2015, Georgian Metropolitan Nikolay of Ahalkalaki and Kumurdoi suggested that "what happen[ed] in Ukraine is close to us: in 1993 we went through pretty much the same. In an Abkhazian village a monk was killed, who never took arms in his hands, only because he represented the GOC."

Despite the ROC's recognition of Georgia's canonical territory, the GOC has expressed some skepticism. In 2015, Georgian Archbishop Andrian Gvazava addressed UNESCO with a request to monitor churches and monasteries in regions beyond the Georgian government's control. Earlier, in 2013, the GOC issued a statement accusing the ROC of

sanctifying newly-built Orthodox churches in the Abkhazian towns of Sukhumi and Tkvarcheli.

3) Russo-Georgia Advocates

Some think tanks and foundations also serve as channels of communication between Russia and Georgia. The Caucasian Dialogue program, which is co-managed by the Caucasian House and the Gorchakov Foundation, is the best example. These efforts stem from an assumption that Russia's use of hard power against Georgia is a response to Tbilisi's anti-Russian policy. They float the notion that Georgia could regain lost territories if it refrains from unduly irritating the Kremlin. In their vision, Eurasia is a rising region that is not confined to Russia alone, while Georgia's European choice is nothing more than a utopian "bright future." Russia's disapproval of the former Saakashvili government is an important aspect of their narrative. With him gone, they say, Georgia can have "business-as-usual" relations with Moscow; that Russia is no longer a major threat. They also say that Russia actually needs a "pro-Georgian" elite in Tbilisi (driven by Georgian interests) that would be ready to cooperate with the Eurasian Union or serve as a bridge between Russia and the EU.

Some of these groups' discourses are quite sophisticated. For example, the Caucasian House turns on its head the conventional sentiment that Russian pressure on Georgia and Ukraine helped consolidate pro-Western constituencies. Instead, it has negatively reconceptualized the parallel between Georgia and Ukraine, finding similarities between Saakashvili and Ukraine's president Petro Poroshenko as two pro-Western presidents who have done harm to their countries.

4) Pro-Eurasian Advocates

Some Georgian NGOs advocate for Georgia's full integration into Eurasian projects. Two examples are the "Society of Irakly II" and "Eurasian Choice-Georgia." Both groups are in contact with proponents of the "Russian World" and of Eurasianist versions of Russian neoimperialism. These groups believe that Georgia has a "natural" dependence on Russia, and they argue that a majority of Georgians sympathize with Russia in contrast to a minority that is "controlled" by the West.

The Limits to Russian "Soft Power"

While the above might be avenues for Russia to use "soft power" in Georgia, two caveats apply. The first is that Russian soft power is symbiotic with hard power. For instance, Russia's shift of the demarcation line between Georgia and South Ossetia two kilometers further into Georgian territory in July 2015 provoked a strong public outburst in Georgia, radicalized public opinion, and complicated the work of Georgian experts open to dialogue with Russia. Russia invests efforts and resources into fostering a

positive image in Georgia, but these kinds of occurrences reinforce widespread fears that Russia can suddenly use force against Georgia at any time.

Second, many in Georgia understand the very concept of "soft power" to be an imperial notion of Western origin that implies a pervasive form of control backed by material factors. This perception leads Georgians to view Russia as merely taking advantage of domestic debates while seeking to capitalize on the reluctance of the West to confront Moscow.

In the end, Russian soft power in Georgia cannot counter-balance European projects, which are far wider in scope and more professional in implementation. Russia mainly works with a Georgian clientele that is already "tacitly" pro-Russian. These include Eurosceptics who already believe Georgia will never be accepted by the EU or NATO; advocates for self-submission to Russian-led neo-imperial projects; pro-Stalinist groups nostalgic for Soviet times; and Orthodox traditionalists.

Conclusion

Russian soft power is, above all, a security tool for Russia in Georgia, which is exactly how it is perceived. Russia uses its soft power for strategic purposes in lockstep with the Kremlin's post-Soviet regional agenda: to de-legitimize the role of Western institutions and to convince neighbors to acknowledge Russian tutelage as a "natural" form of protection. Instead of changing minds, it has only managed to capitalize on the Euro-skeptic attitudes and conservative beliefs of existing constituencies. In this respect, it drastically differs from the Western model of soft power, which operates through knowledge transfer and best practices to promote widespread change.

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"Here Is Not Maidan, Here is Marshal Baghramian"

THE "ELECTRIC YEREVAN" PROTEST MOVEMENT AND ITS CONSEQUENCES

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Nona Shahnazarian*
National Academy of Sciences, Yerevan

Last summer, anger about electricity rate increases revealed the Armenian public's pent-up dissatisfaction on a range of issues, including the government's willingness to allow Russia to continue controlling the country's economy. Underlying the so-called "Electric Yerevan" street protests was a civic desire to have a say in how the country is run.

While the protest movement soon receded, it appeared to have some impact. At first, the government responded to the people's demands by agreeing to subsidize the hike from the state budget. However, the fact that the government was powerless to retain lower unsubsidized prices reinforced the poor condition of the country's energy sector, as well as Armenia's overall economic subservience to Russian interests (in this case Inter RAO UES, which owned the Electric Networks of Armenia, or ENA, since 2006).

In the end, an intriguing compromise took shape. RAO UES initiated the sale of ENA to a new owner—another Russian company, the Tashir Group, but one owned by Armenian-born billionaire Samvel Karapetyan. Together, Tashir and the government of Armenia agreed to jointly subsidize the rate increase for most of the population, as well as small businesses. This development appears to be a good solution for now, since Karapetyan is not only a successful businessman but a philanthropist that has retained close links to Armenia and is respected by the Armenian public. The real impact of this move, however, will only become clear over time.

The "Electric Yerevan" Movement

While Armenians entered independence with one of the strongest civic protest movements seen in the USSR, the number of such movements dwindled by the 2000s. The 2015 "Electric Yerevan" outburst was thus a landmark moment. The widespread activism contained a decade's worth of frustrations about civil rights and social justice. At the same time, the movement contained two undercurrents from previous smaller movements, against price hikes on shuttle buses (*marshrutkas*), which basically function

* Nona Shahnazarian is a Research Fellow at the Institute of Archaeology and Ethnography at the National Academy of Sciences, Armenia.

as public transportation, and a new mandatory pension savings system, which hit young adults particularly hard.

During "Electric Yerevan"—named as such by the Western media but usually called "No Robbery" in Armenia—protesters grouped in two places: Liberty Square (the birthplace of the Karabakh movement) and on Marshal Baghramian Avenue, the city's main thoroughfare. Demonstrations were unsanctioned but peaceful.

The movement was populated by a wide segment of society, from young to old, though it was young adults, many born after the emergence of Armenia's 1988 protest movement, that provided the initiative. Anyone visiting the protest sites would see that most participants were between the ages of 17 and 35 and from Armenia's emerging middle class: IT professionals, marketing managers, students, entrepreneurs, and NGO activists. These people had salaries that could cover the price hikes, but their actions were about more than that. The movement was about how the country is run, about accountability, justice, dignity, and democracy. Radical voices were muted, which maximized the engagement of ordinary citizens, and it was apolitical; hardly any political parties provided organizational involvement, despite the participation of their members. The people's unity produced an electrifying energy.

When the protests began, authorities hoped to quickly end them by finding "leaders" to negotiate with. However, the protesters refused the idea of "clandestine" negotiations. The government then tried several other strategies. The first involved releasing antiradical, counter-revolutionary propaganda. Questionable "news" items appeared about a group of radicals gathered in Yerevan demanding things like "the return of liberated territories to Azerbaijan." The second approach was to send out "agents in disguise" among the protestors to instigate violence, in particular to storm the presidential palace, which would then be reason for forceful suppression. Both strategies failed.

The authorities decided to use force nonetheless, and on the morning of June 23 riot police moved in on the crowd with water cannons. About 25 people were taken to the hospital as a result and 237 people were arrested, an unprecedented number in Yerevan's history. By the end of the day, the crowd had swelled to an estimated 15,000 people. They erected barricades to protect themselves from the police.

The actions of the authorities helped galvanize the movement for a time. It spread to other cities, Gyumri, Vanadzor, Martuni, Spitak, and Ashtarak, and even to neighboring Georgia and other places with Armenian communities.

The Demands of "Electric Yerevan"

The protesters had simple demands: annul electricity tariff increases, carefully review the utility rate structure (was someone skimming off the top?), and punish police officers who had been unnecessarily violent, together with those who gave the order.

Over the last few decades, key sectors of the Armenian economy were farmed out to foreign investors, mostly Russian companies. Armenia's energy sector became almost completely owned and managed by them.

The Electric Networks of Armenia (ENA) holds an exclusive license to distribute electricity in Armenia. ENA was founded in 2002 as a result of a merger of four state companies. In 2006, it was purchased by Inter RAO UES, headquartered in Moscow. ENA serves about 935,000 customers in Armenia and distributes electricity at tariffs approved by Armenia's Public Services Regulatory Commission. The Commission's approval of a price hike in June was the fourth of its kind since the company's establishment and the third since 2009.

Yevgeny Bibin, ENA's Russian general manager at the time, attempted to justify the price hike by pointing out that the company had low profits and huge debt, resulting in overall losses. Bibin blamed the Armenian government for ignoring problems put forward by ENA over the past few years and for not carrying out impartial market reforms of the sector.

Indeed, an independent audit of the company's 2013 finances showed that ENA's losses amounted to approximately $94 million and that ENA was on the brink of bankruptcy. A 2013 World Bank report stated that the power sector in Armenia was not in good financial shape and that even raising tariffs would not be sufficient to cover increasing costs. The report pointed to the deepening gap between electricity supply and demand, and called for new electricity-generating capacity, a reduction in energy "bleed," and improvements in tariff structures.

Studies revealed a large difference between the price at which ENA buys electricity and at which it was sold to the public. Furthermore, the price of electricity that the public pays is twice higher in Armenia than in Russia, even though Armenia is a producer of nuclear energy and hydropower. Armenia's Deputy Minister of Energy Areg Galstyan said that the country's sole nuclear power plant covers about 40 percent of the country's electricity generation and sells power to ENA for 5.73 AMD per kWh, while ENA sells it to the public for 41.85 AMD per kWh. A Transparency International report claims that since 2011, ENA had included a budgetary expense of 450 million AMD ($952,078) for "luxury car rental fees." Publications by international organizations, media investigations, and reports by RAO UES itself pointed to considerable corruption and mismanagement within ENA.

Maidan? No: Marshal Baghramian

Even though the June 2015 price hike amounted to only about $.015 (1.5 cent) per kWh, at the heart of the matter stood a wider entrenched sense of mistrust in the government and negative attitudes toward corruption, mismanagement, injustice, and the loss of state sovereignty vis-a-vis Russia.

When the government announced halfway through the protests that they would do an independent utility audit without saying by whom or when, the crowd just became more irate. Protesters talked about how Bibin, the head of ENA, constructed an Armenian church close to the prime minister's home and that such a "coincidence" was highly unlikely. They were angry at Armenia's homegrown officials who did not appear to have Armenian interests at heart. They vented about other concessions to Russia concerning the Iran-Armenia pipeline and natural gas distribution schemes, as well as how Russian companies kept pressing Armenian authorities in neo-colonial ways.

Protestors were also irritated that the Russian media was labeling their purely domestic protest as a Western-funded fifth column bent on creating another "Maidan" in Russia's backyard. After all, many Armenian citizens hold favorable views of Russia. Already in the first days of the movement, there was "talk" about "another color revolution paid for by United States" and that Facebook and Twitter were inspiring some kind of "*Yere*-Maidan." In response to these accusations, protestors began to chant, "We are not Maidan, we are Marshal Baghramian."

The issue was not so much that protestors saw their movement as having fundamentally different goals as the Euromaidan (though they did play up the latter's geopolitical angle). Rather, they took offense at the notion that their protest was just an attempt to imitate what had occurred in Ukraine (and, as Russian media would have it, artificially engineered). Instead, protestors emphasized Armenians' own rich protest culture, dating back to the Karabakh movement of a quarter century ago.

One colorful example of this is the way in which some (namely in the Russian media, as well as some others critical of the movement) pointed to the distribution of food to protestors as proof that the protests were derivative of events in Ukraine, where U.S. official Victoria Nuland had handed out snacks. Levon Abrahamian, a prominent Armenian expert on protest movements, recalled how back in 1988 Mikhail Gorbachev himself had pointed to the sharing of food in Yerevan as a sinister sign of the involvement of the "dark forces of the shadow economy" in the protests. "People were just united by those democratic ideas and the awareness of doing something together," Abrahamian said, "So we had those universal signs of social solidarity back in 1988 and now during Electric Yerevan we handed out apricots—so what?"

How It Ended

At the end of June, President Serzh Sargsyan said that an international consulting firm would audit ENA and that citizens would be involved in discussions about any price changes. The public was not appeased; they wanted the price hikes called off. Sargsyan then said that the government would subsidize the increases so that citizens would not have to pay it. With their core demand met, the protests ebbed. However, this was a concession in disguise. The money would now come indirectly from taxes paid by the people, which only added to popular cynicism.

In the end, however, a more refined solution emerged. The independent audit of ENA (by Deloitte and Touche) concluded that the electricity tariff increase was in fact warranted. Nonetheless, the government approved the sale of ENA from RAO UES to the Tashir Group, notably run by Samvel Karapetyan, a Russia-based Armenian billionaire, who is far more trusted than Bibin and is seen as a oligarch who did not become successful through "dirty games." The Armenian government and the Tashir Group then announced that they would jointly subsidize the difference between the previous and current electricity prices for households and small businesses, but only until July 31, 2016 and only up to a certain amount (those who exceed the limit will pay the new price on their entire bill). How events now unfold depends on the managerial skills of Karapetyan and whether he will make the investments needed to truly resolve Armenia's energy sector problems.

Why Tensions in the South Caucasus Remain Unresolved

PONARS Eurasia Policy Memo No. 465
March 2017

Sergey Markedonov*
Russian State University for the Humanities

Although the South Caucasus has been overshadowed by events in the Middle East and Ukraine, the region continues to be strategically important, especially for Russia and the EU. The ethno-political conflicts in Abkhazia, South Ossetia, and Nagorno-Karabagh (NK), as well as the spread of Islamist views, have direct bearing on Russia's internal security.† The EU has been seeking to diversify energy supplies by promoting South Caucasian transport routes and it monitors security conditions across the Black Sea region as part of its Eastern Neighborhood program. Armenia, Georgia, and Azerbaijan often benefit from being a perpetual strategic bridge between Europe and Asia but they also face constant external and internal pressures, not least of which is to fully orient toward one political-economic bloc or the other. Decades after the fall of the USSR, a range of territorial conflicts still need resolution and regional cooperation is elusive. The pressures Armenia, Azerbaijan, and Georgia face could be alleviated, security and stability improved, and conflicts in the region pacified (even solved) if Russia and the West had a more cooperative approach toward the region.

A Festering Issue: Nagorno-Karabakh

The outbreak of fighting between Armenians and Azerbaijanis in the NK conflict zone in early April 2016 ushered in a new period of uncertainty and confrontation in the South Caucasus. This challenge to the status quo was not wholly unexpected. There has been an uptick in violent incidents along the line of contact as well as at the internationally recognized Armenia-Azerbaijan border. Ceasefire violations have steadily increased, culminating in the 2016 flare-ups, the worst since the ceasefire era of May 1994. Violence may recur at any time. The conflict zone has no peacekeepers and the ceasefire has so far only held because of a balance of forces, which may change in the future. Both Yerevan and Baku still stick to their maximum demands in order to resolve the conflict, while the three OSCE Minsk Group co-chairs mediating the conflict—France, Russia, and the United States—lack the unity to coerce the parties into making concessions.

* Sergey Markedonov is Associate Professor at Russian State University for the Humanities, Russia.
† Russia is partly a "Caucasian" country; the aggregate territory of Russia's North Caucasian republics is larger than the three independent South Caucasian states.

A Region in Need of Peacemakers

The Donbas and Greater Caucasus region is the most dangerous and unpredictable hotbed in the former Soviet Union. The area accounts for six of nine armed conflicts and half of all of the de facto (limited recognition) states of the post-Soviet space.[*] It was in the Caucasus that the precedent of recognizing former autonomies within Soviet republics as independent states began in August 2008 when Abkhazia and Ossetia sought independence. Furthermore, the Caucasus is the only part of the former USSR where neighboring states have no diplomatic relations with each other (Armenia and Azerbaijan, Russia and Georgia, and Armenia and Turkey). Armenia's borders with Turkey and Azerbaijan are closed. The inauguration of the regional Baku-Tbilisi-Kars railway, currently under construction, will only increase Armenia's isolation. Since the dissolution of the USSR, all parties in the region have not demonstrated the willingness to find compromises, enhance regional cooperation, or ensure an effective model of security for their common area. They have preferred to address external partners—to obtain foreign policy and economic resources—rather than each other.

Caught Between Europe and Eurasia

The three South Caucasus states face intense competition between European and Eurasian integration projects.

Georgia

The Georgian authorities (Georgian Dream party) adhered to the strategic approaches of Mikheil Saakashvili's government, namely the continuation and reinforcement of integrating with the EU and NATO. The Georgian Dream launched in 2013 and signed in 2014 the EU-Georgia Association Agreement. It also obtained a visa-free regime in 2016 for Georgians to travel to the EU Schengen zone. These tasks seemed almost unattainable during Saakashvili's rule. Tbilisi maintained a course that was seemingly ruled out following the Five-Day War with Russia in August 2008. It forged cooperation with NATO (despite the low chance of Georgia joining the Alliance) and developed bilateral military-political ties with the United States (above and beyond NATO projects). The Georgian Dream administration used different tactics than did the Saakashvili administration. Its strategic objective of joining NATO and the EU was perceived through the prism of "normalization" rather than through that of a head-on confrontation with Russia and the "rekindling" of two ethnic political conflicts. Accordingly, Tbilisi's strategic vector still pertains to a consensus shared by all of Georgia's leading political forces no matter whether they support the ruling party or the opposition. At the same time, in recent years, there has been growing Euroskepticism in

[*] They are Georgia-Ossetia, Georgia-Abkhazia, Nagorno Karabakh, the Civil War in Georgia in 1991-1993, and two conflicts in Russia's North Caucasus: Ossetia-Ingushetia and Chechnya.

the country. There are several reasons for this. First, the fostering of cooperation with NATO and the EU does not assist Georgia in solving its issues of territorial integrity. Despite its confrontation with Moscow, the West is not interested in having another face-off front with Russia (for its part, Russia has reinforced its military-political presence in Abkhazia and South Ossetia). Second, not only does the popularity of Eurasian integration exist in Georgian society, it is burgeoning. For example, Georgia's Alliance of Patriots party, which exploited issues of Islamophobia and reconciliation with Russia, overcame the five-percent entrance barrier during the parliamentary elections of 2016.

Armenia

In comparison with its neighbors, Armenia has the highest degree of integration with Russia. It is Moscow's priority partner in the South Caucasus. Armenia is the sole country in the region to be a member of the Collective Security Treaty Organization (CSTO), which is unofficially called the "Eurasian NATO." In January 2015, Yerevan officially joined the Eurasian Economic Union (EEU). Moscow plays an extremely important role in the NK peace process as a peace broker co-chairing the OSCE Minsk Group and as a regular organizer of bilateral consultations between Yerevan and Baku.

Simultaneously, however, Yerevan strives to keep a high degree of partnership with the West. First, Armenia seeks to prevent Azerbaijan's monopoly on the interpretation of the NK conflict. Second, Armenia has a vested interest in cooperation with Washington and Paris because they serve as co-chairs of the OSCE Minsk Group. Third, Yerevan hopes to use the Armenian diaspora's influential resources for the promotion of its objectives such as recognition of the Armenian Genocide, support for self-determination in NK, and international declarations about Azerbaijan and Turkey. Fourth, Yerevan wants economic rapprochement with the EU; notably, it was ready to sign the economic section of the EU Association Agreement (the political segment would contradict Moscow's interests).

At the same time, neither the United States nor the EU is ready to offer Armenia anything more in the security realm than what Russia provides it. CSTO membership allows Armenia to rely on military help from Russia (for example if there is an incursion into Armenian territory). Armenia has access to Russian weapons at privileged, Russian domestic prices. The United States and the EU do not have alternative initiatives for the settlement of the NK conflict from the jointly formulated approach with Russia. These factors shrink Yerevan's room for maneuver and give it practically no alternatives to Russia as an ally, especially given that Turkey has NATO membership and the second largest armed forces in the Alliance.

Azerbaijan

Multi-vectorism is a distinct feature of Azerbaijan's foreign policy. While Armenia is a member of the CSTO and EEU, and Georgia is a partner of the United States, NATO, and the EU, Azerbaijan has not positioned itself at either "extreme." Azerbaijan's foreign policy multi-vectorism is a clear-cut example of this type of approach among post-Soviet countries.

In September 2014, Baku celebrated the 20th anniversary of the so-called Contract of the Century (an agreement between Azerbaijan and twelve Western petroleum majors). The jumbo deal became one of the largest commercial contracts of the past two decades and, in many regards, remains the foundation of Azerbaijan's external trade and foreign policy. Baku managed to adjust its strategy when Europe (and the United States) felt insecure about Russia's monopoly on energy flows to Europe. For Baku, the advantages of cooperation with the West are evident. First, it minimizes Western criticism of Azerbaijan's domestic politics (human rights violations and authoritarian tendencies). Second, Azerbaijan seeks a counterweight to Moscow and the Armenian lobby in the United States and Europe by securing support from Western politicians. Azerbaijan's contribution to the EU-led Eastern Partnership should also be taken into consideration, even though Baku does not seek EU membership.

Azerbaijan, unlike Georgia, does not aim to join NATO. At present, it is a member of the non-alignment movement and is extremely cautious about Western policies that seek to democratize the Caucasus and the broader Middle East. Democracy does not bode well for the Aliyev political monopoly and Baku is wary about situations such as the U.S. intervention in Iraq (and potential entanglements with neighboring Iran). As a result, Azerbaijan maintains cooperation with Russia. It values trans-border cooperation with Russia on combating terrorism (they share a border at Dagestan). Both have a common approach toward the status of the Caspian Sea. Baku's active purchases of Russian arms are, in essence, solid financial compensation to Moscow for Azerbaijan's pro-Western policy elements. They also indicate that Russia is not Azerbaijan's potential adversary in the NK conflict, despite Russian security guarantees to Armenia (both at the bilateral level and within the CSTO). Unlike the West, Moscow does not criticize Azerbaijan's domestic political standards. Russia's approach is an important factor for the Baku elite's international legitimization.

Azerbaijan is an example of savvy maneuvering between the West and Russia. It did not seek to join either of the rival integration projects—neither an association with the EU nor accession to the EEU. It supports one side or the other when it deems it useful or necessary and its diplomats are well versed in refraining from crossing any "red lines."

Conclusion

The three South Caucasian states exemplify post-Soviet geopolitical conflictions. Armenia, Azerbaijan, and Georgia have shown no sincere willingness to promote regional common ground or to reconcile and find compromise on security and economic developments. They value external partners more than their own neighbors. But even toward their external partners of choice, they all prefer to hedge their bets and stave off making an eternal choice about an integration union. Pro-Western Georgia is interested in normalization with Russia though it seeks to unify with the West. Pro-Russian Armenia sees the EU as a key vector in its foreign policy diversification but stays close to Russia. Azerbaijan has excelled at being a post-Soviet "swing state." Certainly one way for each to overcome their orientation challenges would be the commencement of reconciliation between Russia and the West. This would be the most important prerequisite for the South Caucasus to gain regional stability.

II. The Uncertain Future of Caspian Oil

Azerbaijan's Uneasy Transition to a Post-Oil Era

DOMESTIC AND INTERNATIONAL CONSTRAINTS

PONARS Eurasia Policy Memo No. 475
May 2017

Farid Guliyev*
Eurasia Hub, Baku

The oil price shock that began in mid-2014 has continued to reverberate in Azerbaijan, sending the economy into deep recession and negative real GDP growth rate (-2.4 percent in 2016). Declining volumes of oil production, which peaked at 1 million barrels a day (b/d) in 2010, and impending depletion of petroleum reserves over the next 15-20 years, alerted the government of the need to boost the non-oil sectors of the economy. In a series of national development plans and strategic road maps, the authorities pledged their commitment to diversify.† However, there are two paramount factors that stand in the way of Baku's plans: domestic "petrodollar recycling" and U.S. strategic disengagement from the region. The former is when externally generated oil surpluses are "sunk" into local real estate and infrastructural development projects, which then discourages movement of capital into non-oil sectors. The latter means a loss of strategic importance and attractiveness to foreign investors. Low commodity prices and President Donald Trump's alleged isolationist outlook do not bode well for Azerbaijan's intent to reorient and diversify its economy.

Recycling of Petrodollars

The last (and final) major oil boom cycle (2005-2014) in Azerbaijan's history generated a spectacular $125 billion in state oil revenue for the state oil fund (SOFAZ). Intended as a savings and stabilization fund, this sovereign wealth fund has so far been able to set aside some $35 billion, or 28% of these total assets as strategic reserves, with the rest being injected into the national economy.

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* Farid Guliyev is a Research Associate at the Eurasia Extractive Industries Knowledge Hub, a regional focal point of the Natural Resource Governance Institute at Khazar University, Azerbaijan. From September 2016 to February 2017, he was a Fulbright Scholar at the Institute for European, Russian and Eurasian Studies (IERES) at the George Washington University.

† See: Long-Term Oil Strategy (2004), Vision 2020 (2012), and a series of strategic roadmaps announced in December 2016 covering the financial sector, agricultural development, ICT, logistics, trade, and other sectors.

The way Azerbaijan has been consuming and investing its oil earnings follows a "recycling of petrodollars" model. This activity refers to the inward and outward flows of dollar-denominated oil proceeds between oil-exporting countries and the rest of the world. When oil prices are high, large cash surpluses can be invested in foreign assets or spent on imports of goods and services; when commodity prices tumble, oil exporters move the money back home to smooth out foreign exchange losses and cover domestic capital needs. The only way in which Azerbaijan's "recycling" differs from that of the Gulf States is that Azerbaijan seems to have recycled most of its oil earnings at home rather than into global financial markets.

Throughout the oil boom years, Azerbaijan pursued less than a cautionary fiscal policy, embarking on an extravagant spending spree in apparent disregard of its own fiscal rules. In the domestic market, the biggest winners were the construction and real estate infrastructure development sectors; the cost of urban renovation alone between 2012-2015 is estimated at $18 billion. Up to 35 percent of the annual state budget during the oil boom years was allocated to infrastructure and construction projects.

A circle of local construction firms, subcontractors, banks, and offshore shell companies linked to powerful figures from within the elite network serves as the main channel of petrodollar recycling. The extent to which an oil exporting country has the capacity to spend all the oil receipts at once represents that country's absorptive capacities. Investment was hard pressed to go toward human capital, which in Azerbaijan is marked by generally low levels of vocational-technical training and higher education, and rather high levels of technological backwardness. Spending on a few, but capital-heavy, infrastructure projects had the advantage over human-capital intensive projects in that it avoided the dispersal of capital outside the core elite, allowed for the feeding (and appeasement) of competing patronage networks, and enabled a more controlled process of petrodollar recycling. The unintended consequences, however, are rising youth unemployment and a "youth bulge" that might eventually burst because the closed political system lacks the safety valves necessary to release demographic pressures.

Azerbaijan's SOFAZ was another channel to recycle petrodollars through both budget transfers and the acquisition of foreign capital assets. The foreign assets of SOFAZ include fixed income, bonds, equities, gold, and real estate. Its conservative asset policy generated a modest 1.2 percent return on investment (the Fund's revenues from asset management totaled only $425.4 million in 2015). The downside of this channel is that it does not contribute to job creation domestically and therefore amplifies the youth bulge.

Agriculture Wiped Out

Azerbaijan's capital investment approach unleashed the forces of Dutch Disease syndrome. As large sums of oil-generated foreign exchange were converted into the

national currency, the real exchange rate appreciated, wiping out nascent private businesses outside the energy sector. As a result, today, oil and natural gas still account for about 90 percent of total exports and 30 percent of GDP (this is discounting for oil-boosted construction and services). Agriculture and manufacturing have over the past decade been decimated by pressures from the appreciating Manat (Azerbaijan's currency) and a lack of funding. It would have helped had a portion of funding gone to agriculture, which would have vastly dispersed wealth outside of the elite-centered money-recycling network. Agricultural production, a traditional sector believed to hold the most promising comparative advantage and potential to generate non-oil export revenues, declined and instead the (non-export oriented) non-tradeable sectors such as services (hotels, restaurants, banks) and construction grew, in keeping with Dutch Disease syndrome. According to official statistics, the share of agriculture in the GDP fell from 16 percent in 2000 to 9 percent in 2005 and to 6.2 percent in 2015 while the share of non-tradeable construction almost doubled from 6.5 percent in 2000 to 12 percent in 2015. Light industry (textiles, processing of foodstuffs) suffered as well due to outdated equipment and insufficient investment.

A major policy shift is usually successful when there is a strong constituency pushing for reform. Due to Soviet legacies, Azerbaijan's private sector outside the oil industry has been weak and toothless against the wealthy elites who have high stakes in the oil sector. A smaller number of private sector entrepreneurs are often linked to the political elites, are dependent on state support, and do not possess the independent power base necessary to advocate for reform. For the ruling elites, large sunk costs associated with domestic petrodollar recycling make economic diversification economically unattractive and politically cumbersome even though higher diversity in exports would make the economy less vulnerable to oil price and volume volatility in the long run.

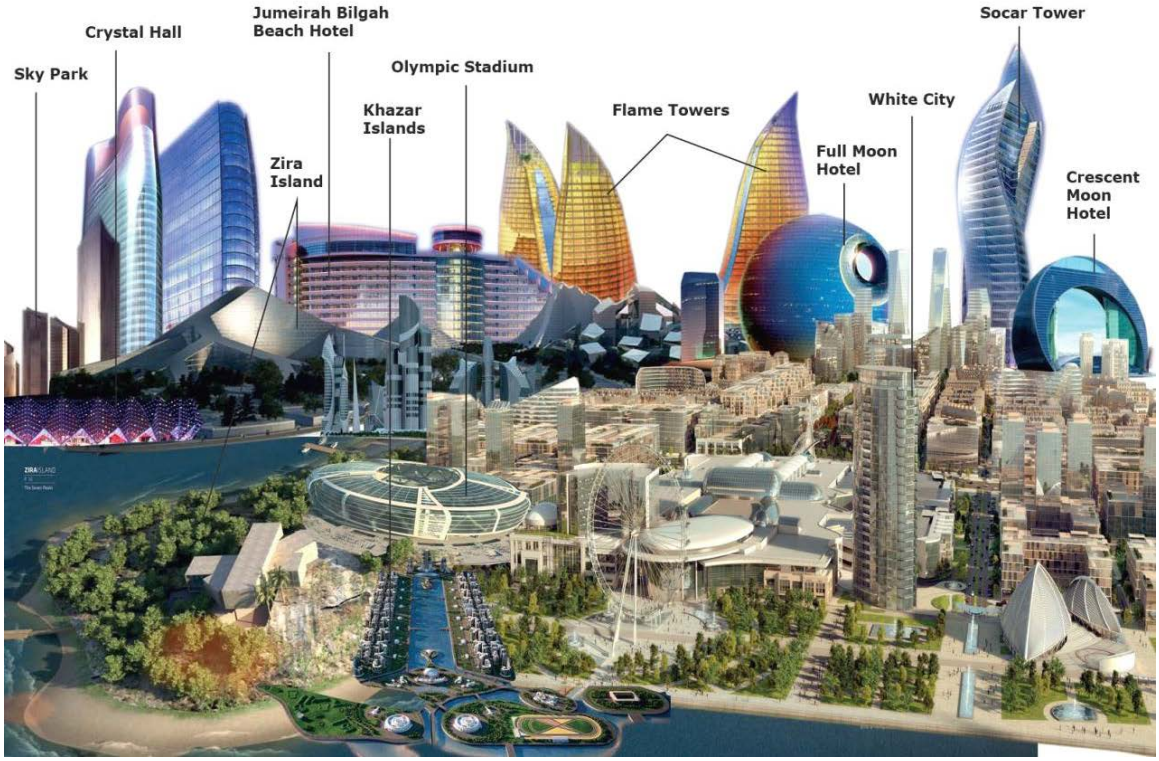
Real Estate Mirage

As in many Gulf countries, oil rents were used by Azeri elites and oligarchs to boost their real estate projects and their business interests in the construction and services industries. The plan of modernization articulated and pursued by the Baku government was remarkably similar to the one embraced by the Gulf states, which included a vision in which the state would facilitate turning Baku into a modern metropolis and a major transportation hub with high-rise buildings, modern shopping malls, luxury boutiques and techno-parks, all of which would presumably provide the state with sufficient fiscal revenue when it runs out of oil in 15 to 20 years.

The unusually long period of high oil prices between 2004 to mid-2014 provided a conducive environment to realize this vision. First, the idea was to upgrade infrastructure (roads, highways, gas stations, airports). Then, new residential complexes (such as White City and Port Baku Residence), skyscrapers (such as Flame Towers), five-star hotels, and expo centers were to be built (see **Figure 1**). Later, the emphasis would

be placed more on capital-intensive projects such as techno-parks, real-estate development, and logistic/transportation facilities, such as a new seaport and a new rail link to connect Azerbaijan to Turkey. (Of note, as a sign of grand plans, in 2013 an Azerbaijan-owned satellite built for $230 million by a US-based company was launched into orbit).

Figure 1. Baku's Urban Skyline Circa 2020



Source: Francisco Colom, Emma Gabalda, and Vicente Plaza

White elephant projects are favorite petrodollar recycling schemes. They have no life without preferential state support and would go out of business under normal competitive conditions. A good example is Khazar Islands, a $100-billion real estate project that would have consisted of "an archipelago of 55 artificial islands in the Caspian Sea with thousands of apartments, at least eight hotels, a Formula One racetrack, a yacht club, an airport, and the tallest building on earth ("Azerbaijan Tower"). Launched toward the end of the oil boom cycle by the Avesta Concern company that has an obscure ownership structure, it was completely abandoned once oil surpluses faded through 2015-16.

International Linkages

Foreign capital tends to flow into places that enjoy Western strategic interests. Over the past five to six years, the U.S. government has been losing its interest in Central Asia

and the Caucasus while Russia has been trying to reassert its dominant role. As Fiona Hill and her colleagues noted,

> "2010 marked the end of the long phase of focused U.S. attention, including in Caspian energy development. As political and commercial attention shifted from the export of Azeri oil to the export of gas to Turkish and European markets, the United States ceded the stage in regional energy diplomacy."

This disengagement will likely continue under the Trump administration given his isolationist rhetoric regarding U.S. foreign policy and his personal sympathy for Russian President Vladimir Putin.

Low oil prices will dampen foreign investment in the Caspian region. Structural changes in global energy markets, with a notable increase in supply from new producers in the Americas (including the United States), may also discourage investment in overseas markets. As global financial flows bypass the region following the loss of strategic importance, there is a high risk that Azerbaijan will be further marginalized. Attracting foreign direct investment (FDI) is further exacerbated due to the landlocked position of the Caspian Basin. The region is generally considered a high-risk environment due to its distance to end-users in the West. Azerbaijan's non-oil white elephants, such as automobile plants in Nakhchivan and Ganja or the techno-park in Pirallahi, are unlikely to be attractive either.

When domestic sources of cash are in short supply, oil-producing states can turn to international investors or lenders. So far, alongside burning through more than two-thirds of its currency reserves in 2015, Baku turned to international loans to finance its gas transit plans, growing its balance of payments deficit and, thus, has been piling up debt. In recent months, the government borrowed $1.73 billion from Asian lenders (ADB and AIIB) and $400 million from the World Bank to finance the expansion of the Shah Deniz II gas field and for the construction of the TANAP Gas Pipeline (aka Southern Gas Corridor) which is estimated to cost $45 billion.

Azerbaijan fears losing the United States as a crucial source of foreign investment that the country desperately needs to complete its planned regional energy transit and logistics hub megaprojects embodying the government's vision of a post-oil future. When a region's strategic importance decreases, oil states are often pushed to reform to attract additional foreign investment. U.S. engagement, whether conditional or not on

reform, is needed to attract FDI. This may explain why no effort was spared and large sums of oil money have been used to boost the country's image abroad through an aggressive political marketing campaign and lobbying activities in the United States.

From 2012 to 2016, Azerbaijan hosted several major entertainment and sporting events, including the Eurovision Song Contest, European Olympic Games, and Formula 1 Grand Prix. In the United States, the Azeri government has hired lobbying firms (such as the Podesta Group) to promote its interests in the U.S. Congress. Most recently, amid falling oil prices, the Azerbaijan state oil company, SOCAR, funded and gave expensive gifts to ten Congress members and their staff to participate in a trip to Baku.

In December 2016, following the victory of Donald Trump, the Azerbaijan embassy in Washington threw a Hanukkah party with the participation of the influential American Jewish group, Conference of Presidents, and chose the Trump Hotel in Washington, DC, to host the event. The timing was picked carefully to occur the day after Israeli Prime Minister Benjamin Netanyahu paid a visit to Baku.

Conclusion

More than a decade into the "second oil era," diversification remains a major challenge for Azerbaijan. The odds are, however, stacked against diversification. Much of its domestically recycled petrodollars are mostly sunk costs that cannot be converted back into investable capital to promote alternative sectors should the government proceed with major reforms. Compensatory capital can only come from external sources, but on this front, too, recent developments are not in Azerbaijan's favor.

The United States has been effectively disengaging from the broader region, leaving Russia to reassert its regional prominence. Loss of Western strategic interest will drive away the region's attractiveness to foreign capital. With Trump's victory, the U.S. interest and role in the region is likely to diminish even further. Azerbaijan will thus be hard-pressed to diversify, and its diversification drive is unlikely to receive the support it needs from state-dependent private sector elites.

For a more detailed argument, see Nigel Gould-Davies, "Russia's Sovereign Globalization Rise, Fall and Future," Chatham House Research Paper, January 2016.

Restructuring Extractive Economies in the Caspian Basin

TOO LITTLE, TOO LATE?

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Natalie Koch* *Syracuse University*
Anar Valiyev† *ADA University*

The oil- and gas-rich states of the Caspian Sea basin—Azerbaijan, Kazakhstan, and Turkmenistan—registered phenomenal growth throughout most of the 2000s. However, the heady days of resource-fueled development now appear to be over, and local governments are suddenly struggling to overcome massive budget deficits, devalued currencies, and overall economic stagnation. What led to the current economic crisis gripping the Caspian basin states? In what ways are state planners in Azerbaijan, Kazakhstan, and Turkmenistan addressing the challenges? Although many of the reforms recently announced by these governments appear dramatic and novel, they ultimately represent little deviation from the countries' longtime development strategies, which prioritize economic modernization without political transformation.

What is Happening and Why Now?

1) A triumvirate of external shocks

In addition to the dramatic drop in world energy prices over the past several years, the economic crisis gripping the Caspian littoral states is rooted in two further external shock factors: the collapse of the Russian ruble after U.S.-led sanctions were imposed in 2014, and the significant slowdown in China's economic growth and energy demands since 2015. In the decade prior to this recent triumvirate of shocks, Eurasia had become increasingly economically integrated. In addition to the well-known labor movement and remittance networks uniting Russia and its southern neighbors, the Caspian basin states also sought to diversify their export and import markets by increasing trade with China and ramping up oil and gas sales in the east. With their main trading partners also reeling from the global slowdown, these three factors have together wreaked havoc on the largely undiversified hydrocarbon-based economies of Azerbaijan, Kazakhstan, and Turkmenistan.

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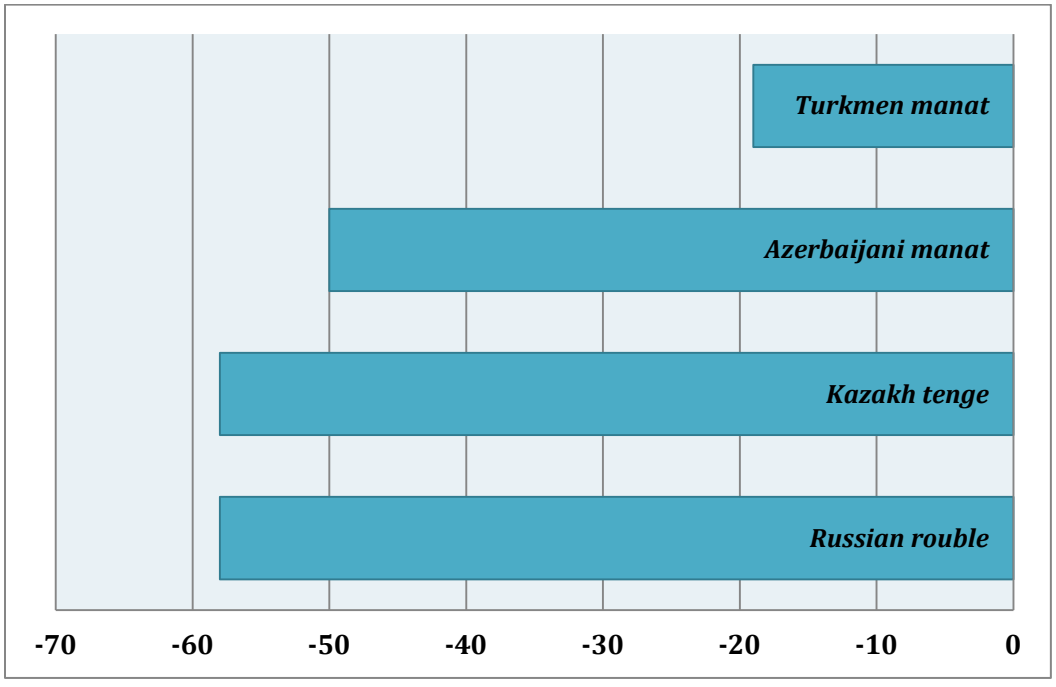
* Natalie Koch is Assistant Professor in the Department of Geography, Maxwell School of Citizenship and Public Affairs, Syracuse University.
† Anar Valiyev is Associate Provost at ADA University, Baku, Azerbaijan.

In 2015, the countries all saw their GDP growth rates plunge from 8-10 percent averages in the first decade of the 2000s to around 1.2 percent in Kazakhstan, 1.1 percent in Azerbaijan, and a dubious 6.5 percent in Turkmenistan. Kazakhstan abandoned its U.S. dollar peg for the *tenge* in August 2015, while Azerbaijan devalued its *manat* twice in 2015. Turkmenistan has similarly seen huge devaluations in its *manat*, though observers suggest that it remains grossly overvalued (see **Figure 1**). The currency debacle led Kazakhstan's planners to dip into its sovereign wealth fund, Samruk-Kazyna, to the tune of $28 billion to prop up the *tenge*. In a rare moment of insider criticism being made public, Berik Otemurat, who was chief executive of the country's National Investment Corporation, decried the fund's 17 percent value drop since its peak in August 2014, falling to just over $60 billion in December 2015:

> "We are eating up the National Fund. The money we have been lucky to accumulate is the only money we have to capitalize on. I think the government needs to focus on the National Fund's investment management."

Otemurat was later sacked for his decision to speak out, but the trend he indicated was not unique to Kazakhstan. Many sovereign wealth funds (which are often supported by resource revenues) across the globe are under intense pressure: Saudi Arabia's fund has just lost 14 percent of its value, while Norway is tapping its own fund for the first time ever in 2016.

Figure 1. Currency devaluation (avg. percent change, Jan. 2014 - Jan. 2016)



2) Resource wealth: not cursed but mismanaged

Over the past decade, leaders in the Caspian region have, to varying degrees, paid lip service to economic diversification to reduce their overdependence on oil and gas exports. However, most of these policies have actually followed typical rentier state spending patterns, whereby petrowealth is invested in extremely large and costly infrastructure projects that allow elites to funnel money offshore and distribute patronage to their supporters. Examples include various projects that the governments claim will diversity their economies by promoting tourism. In Azerbaijan, the government spent an estimated $8 billion to host the first European Games in 2015, while Kazakhstan's official (and likely modest) estimates to host the EXPO-2017 next summer are around $3 billion. Meanwhile, in Turkmenistan, the government has poured billions of dollars into developing Arwaza, an essentially empty seaside resort city on the Caspian.

Regardless of the exact price tag of these white elephant projects, the overarching point is that they disproportionately benefit elites at the expense of the general population. They are luxury expenditures rather than social investments. But rather than assuming that these patterns of wealth mismanagement are simply the result of some "resource curse," it is important to emphasize that the governments did have alternatives when energy prices were high. They could have chosen more sensible, long-term investments to meet the needs of the citizenry. Instead of addressing these less flashy infrastructural needs, officials largely worked to entrench their own interests through promoting hydrocarbon-based economies—and now they are paying the price. To deal with the fallout, leaders in Azerbaijan, Kazakhstan, and Turkmenistan have recently introduced a range of new initiatives to diversify their economies, but it appears that it all may amount to too little, too late.

Facing the Fallout: Three Tacks to Restructuring

Kazakhstan

Of the three Caspian basin states, Kazakhstan has gone the furthest to develop an economic restructuring plan. In late 2015, the government announced a massive privatization push, which includes the complete or partial sale of hundreds of 783 state-owned companies between 2016-2020. Among those on the list are three of Kazakhstan's major energy firms—KazMunaiGaz (oil and gas), Kazatomprom (uranium), and Samruk-Energy (coal, renewables, and other electricity-generating assets)—as well as numerous other major firms like Kazzinc, Temir Zholy, Kazpost, Air Astana, Kazakhtelecom, and even the Caspian Sea port of Aktau. In an editorial in The Astana Times, "Plan of the Nation—the Path to the Kazakhstan Dream," President Nursultan Nazarbayev justified the blueprint as necessary to advance the country's modernization agenda in this time of global economic turmoil, while a later opinion piece in the same outlet argued that the privatization agenda would achieve three goals: raising revenue

to help cushion the impact of the economic slowdown, streamlining Samruk-Kazyna to increase the sovereign wealth fund's efficiency, and "injecting" outside capital and expertise to spur private-sector competition.

Kazakhstan's restructuring plans have already been met with suspicion by foreign observers and investors, who are unlikely to look favorably on assuming the state companies' massive debts. KazMunaiGas, for example, has recently required multi-billion dollar injections of cash to stay afloat, and its future prospects look dim. Investors also remain wary of Kazakhstan's reputation for corruption and having a weak regulatory environment. To combat this, the government recently announced a new "Astana International Finance Center" to serve as a regional financial hub following English law and offering the financial industry's catchiest new services, like "green" finance and Islamic banking. Looking more like desperate measures for desperate times, rather than a calculated modernization agenda, Kazakhstan's proposed reforms are nothing short of sweeping. Yet as in the other countries, these new economic liberalization plans stop far short of any substantial political liberalization.

Azerbaijan

Azerbaijan began to experience serious economic difficulties in early 2015. After the shocking devaluations of February and December 2015, when the Azerbaijani *manat* depreciated by almost 100 percent, the government turned its attention to efforts that might mitigate the crisis and alleviate the situation by promoting more business activity. Dozens of licenses for entrepreneurial activities were eliminated, while tax and custom authorities were rendered more transparent. Apparently trying to break the monopolistic nature of the economy, the government also eliminated some duties and taxes for import-export operations. And in September 2016, the State Committee on Property Issues launched a new "Privatization Portal" to provide potential investors with information about state privatization efforts and legal frameworks. At the macro level, the government established the position of Presidential Assistant on Economic Reform tasked with creating a roadmap for economic reforms. The team began by prioritizing the sectors of Azerbaijan's economy that they deemed best positioned to create jobs and attract investments. The government also established a new Financial Market Supervisory Chamber, giving it some functions previously managed by the Central Bank. Moreover, several other committees were established with different functions and tasks. Finally, the government heeded the tourism sector's long-standing priorities to facilitate international travel, and further liberalize its visa regime.

However, in-depth analysis shows that these actions have not yet resulted in any significant impact. The economy remains monopolistic and foreign investors are not rushing in. Most of the reforms do not target the root problems and are more "cosmetic" in nature. The lack of free competition, no respect for private property rights, as well as the absence of independent courts, have, and will, continue to make these new economic

initiatives fruitless. As a result, the Azerbaijani government is likely to face serious problems in near future. To fulfill its commitments to expand oil and gas development in the region, including the SOCAR-backed TANAP (Trans-Anatolian) and TAP (Trans-Adriatic) pipeline projects, Azerbaijan is in dire need of massive investment. Meanwhile, the Oil Fund of Azerbaijan is currently the only mechanism that can stabilize the financial situation in the country, but it will not have enough funds to invest into other governmental commitments. At a certain point—probably in the near future—the government will need to seek external loans from World Bank, IMF, or other agencies, which may require significant reforms in all sectors of Azerbaijan's economy.

Turkmenistan

While Kazakhstan appears to be in restructuring overdrive and Azerbaijan is wavering somewhere in the middle, Turkmenistan clearly represents the other end of the response spectrum. It has one of the least diversified economies in the region. Its hydrocarbon sector accounts for about 35 percent of its GDP, 90 percent of exports, and 80 percent of fiscal revenues. In mid-July 2016, President Gurbanguly Berdymukhamedov issued a decree abolishing the Oil and Gas Ministry, as well as the State Agency on Management and Use of Hydrocarbon Resources—transferring their duties to the Cabinet of Ministers. Observers are uncertain about the reasons or potential effects of the move, but it is clear that state-owned firms Turkmengaz and Turkmennebit are suffering immensely in the current economic environment. Meanwhile, the government remains staunchly opposed to additional involvement from foreign energy companies in the country, and seems instead to be turning inward for solutions—like a recent demand that business elites contribute $100,000 to state coffers. Restructuring in Turkmenistan has looked more like a mere reconfiguration of its other extractive economy: popular extortion.

Looking Ahead: Too little, too late?

Overseeing rapid growth in the period of high energy prices, the governments of Azerbaijan, Kazakhstan, and Turkmenistan have staked their domestic legitimacy on the promise of economic development at the expense of democratization. It is not yet clear what impact the region's economic crisis will have for the ruling regimes' stability, but it is unlikely that it will lead to any sudden upheavals or calls for democracy. For several decades now, the leaders in the Caspian basin have warned their populations about the threat of chaos and turmoil that accompany democracy. Stirring collective memories of the 1990s-era hardship, and pointing at the civil strife in Kyrgyzstan and Tajikistan, politicians and state-controlled media have succeeded in instilling a deep-seated fear of political liberalization and "premature" democratization. Flush with resource rents to bolster their claims, the governments in Azerbaijan, Kazakhstan, and Turkmenistan largely attributed their economic success in the 2000s to their centralized system of rule.

Yet with this fallacy now exposed through a triumvirate of external economic shocks, another confluence of international events also seems to be working as a counterbalance to potential calls for more democracy in the region. Namely, a spike in terrorism and civil strife, combined with the rise of autocratic and xenophobic political movements, have recently marred some of the world's leading democracies, including the United States, Britain, Austria, and perhaps most forebodingly of all, Turkey and the Philippines—where during this past summer, much blood was shed and thousands of political prisoners now fill jails. While the Caspian basin states may indeed be doing too little too late to escape their economic woes unscathed, with this turbulent global political situation as a backdrop, ordinary citizens are not likely to be clamoring for political restructuring in the short term. Advocates of economic *and* political reform might therefore hope for Kazakhstan to succeed in its sweeping restructuring effort, which has the potential to effect lasting change. Although it is off to a rocky start, the structure of the broader reform agenda at least has the potential to show one way forward for the Caspian region beyond resource dependency—and maybe, one day, beyond autocracy.

Brexit and its Impact on Azerbaijan

WILL EAST-WEST INTEGRATION BE HARMED?

PONARS Eurasia Policy Memo No. 461
February 2017

Anar Valiyev*
ADA University, Baku

The unexpected results of last summer's UK Brexit referendum significantly impacted the perception of Azerbaijanis about their country's future cooperation with the EU. Britain is a major investor in Azerbaijan and has played the role of Baku's EU champion. London has been the preeminent defender of Baku initiatives from within the EU, among other things advocating for the Baku-Ceyhan gas pipeline to Turkey and Europe as well as several other large projects. Britain's energy interests in Azerbaijan have allowed Baku, in turn, to better promote its own interests to EU members and obtain pro-Azerbaijani resolutions or statements from the EU on the Nagorno-Karabakh (NK) issue. Obviously, Britain's decision to leave the EU does not mean that Baku will stop cooperating with Brussels. However, London's absence as a major player and supporter will make it difficult for Azerbaijan to receive the same level of EU support on a range of projects. What are the Brexit's potential negative economic, political, and cultural repercussions on Azerbaijan over the next couple of years?

Political Implications

The Brexit phenomenon sent an encouraging signal for separatist movements across Europe. For instance, a new referendum on Scottish independence was initiated. Baku carefully watched the 2014 Scottish referendum, fearing that if the referendum passed it might ignite a similar chain reaction across Europe, which could very well result in the undermining of Azerbaijan's stance about "separatism" in NK. Thus far, most European countries have not changed their policy outlook about the NK issue and continue to support principles of territorial integrity over self-determination. Nonetheless, there is unease, and as the April 2016 clashes between Azerbaijan and Armenia in NK indicate, there are hawks in the region who seek to solve the issue through military means and might try to do so again if key support for the status quo stalemate wanes.

Another issue is that the EU may decide to concentrate more on internal problems than on expanding its influence eastward. Baku and Brussels have recently been experiencing warm relations (on many issues), but skepticism by EU members regarding cooperation

* Anar Valiyev is Assistant Professor at ADA University, Baku, Azerbaijan

with non-EU members could create policy changes, such as making the Eastern Partnership Initiative (launched in 2009 and consistently ill-fated) even more problematic. A reverse view also exists, whereby Eastern Partnership countries, and Azerbaijan in particular, express skepticism about EU institutions over, for example, the EU's inability to cope with its internal problems (migration crisis, debt issues, etc.).

Economic Implications

British companies play an important role in Azerbaijan's economy. In the oil sector, British Petroleum is the leading partner in all major projects in the country. The UK is the second largest investor in Azerbaijan's non-oil sector comprising up to 16 percent of foreign investment portfolios. Approximately 473 companies have been established with the assistance of British investments. In 2014, British investments in Azerbaijan amounted to $153.3 million and British exports to Azerbaijan were worth about $1.2 billion. Over the past 25 years, the UK has invested about $25 billion in Azerbaijan.

It is fair to say that the number of British companies in Azerbaijan will not decrease nor will trade turnover plummet if Brexit takes place. Actually, British investments may increase to Azerbaijan if the UK loses ground in other European markets. So even though it is highly unlikely that Brexit will affect trade and economic relations with Azerbaijan, the problem is it may lead to decreasing interest from the EU, particularly in regards to the over-arching, long-standing European initiative of implementing an East-West transportation corridor. Over the past decade, Baku has invested billions of dollars into commercial infrastructure and transportation projects to position itself as a lucrative link between Central Asia, the South Caucasus, and Europe. Aware that its hydrocarbon reserves are depleting, Azerbaijan has tried to diversify its economy and be more of a multi-purpose hub, certainly with the EU as a key node.

In the region, Azerbaijan is considered a key territory for many integration projects. It is currently at the center of three major integration initiatives—the EU, the Eurasian Economic Union, and the recently-established Chinese "One Belt One Road." Baku pinned a lot of hope on the East-West corridor as a way to amalgamate with the large EU market. At the start of August 2015, for example, the first container along the route arrived from China in record time at the newly-constructed Baku International Sea Trade Port. The container traveled more than 4,000 kilometers and reached Baku in just six days. This event signaled a new era in regional transportation links. China, Azerbaijan, and Kazakhstan were the major players implementing the project. It showed China that cargo can reach Europe much faster through the "Silk Road" route than by sea or through Russia. Both Kazakhstan and Azerbaijan sought to lure Chinese planners into using their infrastructure for the export of Chinese goods. Azerbaijani authorities estimated that by 2020 about 300,000-400,000 containers could be transported via this route—bringing in billions in profits.

However, the EU's participation is the most important link in this equation. The share of EU countries in Azerbaijan's foreign trade was 46.96 percent—far larger than its trade with any other partner. Currently, for Azerbaijan, 31.92 percent of imports and 59.1 percent of exports involve EU countries. For Baku, it will be extremely difficult to lobby for gas and other transportation projects going to Europe if London is absent from EU institutions.

Cultural Implications

The UK has consequential influence in Azerbaijan and in the South Caucasus in general. Besides the English language, the British education system is a major destination for Azerbaijani students. About 570 Azerbaijani students have received education or are currently studying at British universities through government-sponsored programs, and many more (hundreds) study there through other means. It is hard to anticipate how Brexit may impact this, but the expectation is that it would be more difficult for Azerbaijani students to study in the UK because they came through programs involving consortia of European universities (such as Erasmus). Brexit would halt such cooperation; it would be difficult to get funding from the EU for any joint projects involving British universities.

Perhaps the most important implication of Brexit on Azerbaijan is symbolic. For years, the trust of Azerbaijanis toward EU institutions was comparatively high and a majority of the population was willing to integrate into EU institutions. Brexit was the second biggest blow to Azerbaijan's trust toward EU (the first was the Russian-Georgian War in 2008). Most people in Azerbaijan observing Brexit see a possible disintegration processes happening, which makes them hesitant about seeking further integration with the EU. In parallel, there is the rise of Moscow's Eurasian Economic Union, which further decreases pro-European sentiments among Azerbaijanis, both citizens and politicians.

Conclusion and Recommendation

Despite the common perception of the negative consequences of Brexit on Azerbaijan, there are some voices arguing that there may be some positive implications. Some analysts argue that British foreign policy may become more independent from the EU, leading London to be more active in solving issues in the South Caucasus. Britain may thus play a positive and important role in resolving the NK conflict, if it decides to prioritize this. And, as mentioned, there is the chance that UK investments in Azerbaijan will increase. Still, the most important effect would be diminishing trust and belief in the EU as a model of integration and institutions worth emulating. There has already occurred a decrease in trust levels among Azerbaijanis toward EU institutions following the crisis in Greece. Brexit thus appears to be a new blow for the pro-European orientation of Azerbaijan.

If Brexit occurs, Brussels will need to increase engagement with Azerbaijan (and the region) on a range of issues, otherwise a further erosion of faith is likely. One positive sign is that in November 2016, the European Council adopted a mandate for the European Commission and the High Representative for Foreign Affairs and Security Policy to negotiate (on behalf of the EU and its member states) a comprehensive agreement with Azerbaijan. The new agreement will replace the 1996 partnership and cooperation agreement and should better account for shared EU-Azerbaijan objectives and challenges. If the EU is able to neutralize the Brexit impact swiftly—by fully engaging with Azerbaijan—then the effects of Brexit will be lessened. If Brussels vacillates, then Azerbaijan may easily fall prey to the pro-Russian Eurasian Economic Union, wiping out decades of trust built by European policymakers.

III. Central Asia's Regional Dilemmas

Why No "Water Wars" in Central Asia?

LESSONS LEARNED FROM THE ARAL SEA DISASTER

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Natalie Koch*
Syracuse University

In the mid-1980s, the international community became aware of the scope of a major environmental disaster in the Soviet Union. The Aral Sea, once the world's fourth largest lake, had dramatically shrunk in the middle of the vast Central Asian steppe. After the Soviet Union collapsed, many policy analysts became concerned that the Aral Sea's deterioration could have severe security repercussions.

The prevailing sense in the early 1990s was that new threats would generally be diffuse and come from "unconventional" sources. International connectedness could reduce tensions but it could also be a curse, particularly in relation to environmental resources. Drawing on the idea of "resource wars," commentators suggested that we were entering a new era of fighting over scarce resources—an idea that was popularized by the likes of Robert Kaplan's 1994 *The Atlantic* article, "The Coming Anarchy."

Among these resource-related conflicts, the specter of "water wars" loomed exceptionally large in a world rapidly depleting its freshwater reserves—and even more so in the arid regions of the world like Central Asia. At a time when the Aral Sea basin was being carved up among a number of sovereign states, the dried-up lake seemed a prime candidate for pushing the region to the brink of war over water; the International Crisis Group, a nongovernmental organization, even issued a 2002 report on the alleged danger.

With Central Asia's newly independent states jockeying for control of regional resources, in the 1990s and early 2000s international organizations such as the United Nations, World Bank, and OSCE invested heavily in promoting regional environmental cooperation frameworks with an explicit agenda of preventing the "coming anarchy" of water wars in Central Asia.

* Natalie Koch is Assistant Professor in the Department of Geography at Syracuse University's Maxwell School of Citizenship and Public Affairs.

It turned out, however, that the region's pending water wars were imagined. While programs and institutions to prevent conflict had some positive effects, it is too simplistic to suggest that these international institutions actually prevented the outbreak of water wars in the Aral Sea basin. So what explains their absence? The answer is that it is the political climate in which scarcity occurs, not scarcity itself, that makes war likely. Not only are policymakers generally inclined to avoid conflict, in Central Asia the elites personally benefited from the influx of development aid, and they were content to let peripheral areas, not metropolitan centers, bear the brunt of the costs.

Why There Were No Water Wars in Central Asia

To explain why no fighting has occurred in Central Asia over water, it is useful to situate the case within a global and historical context that can shed light on some key reasons. While certainly not an exhaustive list, the following three are a start.

1. The water wars thesis is specious.

Superficially appealing, the idea of resource wars actually has little theoretical or empirical merit—especially with respect to water. Many scholars have pointed out that there are almost no historical cases where water shortages have led to armed conflict. Instead, water scarcity is far more likely to result in cooperation.*

The main problem with the resource wars idea is that it tends to neglect the fact that scarcity is not a "natural" phenomenon, but one that is politically constructed. Take the Aral Sea for example: Central Asia would not necessarily be facing water shortages if the Soviet-era Virgin Lands Campaign had not created a sudden demand for copious supplies of usage in the arid steppe, which was siphoned off from the Amu Darya and Syr Darya Rivers that feed the sea. Thousands of miles of unlined trenches and canals might not have been dug, and the sixty percent of that water that was lost to evaporation and seepage instead might have made it to the sea or downriver communities.

* For a brief discussion, see: "Dehydrating Conflict," *Foreign Policy, November 18, 2009.*

Water "scarcity" in Soviet Central Asia was therefore a result of various political decisions and behaviors—from high-ranking government planners down to local farmers. But water shortages were not expected to lead to fighting in Soviet Central Asia because the entire area was part of one country, which was invested in promoting internal cooperation. The political context was the most important reason scarcity did not lead to fighting.

More generally, as geographers and other environmental scholars have shown, scarcity is never a *cause* but an *intervening variable* that might result in violence. The political climate in which scarcity occurs is what makes war likely, not scarcity itself. As Central Asia transitioned into the post-Soviet period, the region's political climate was still not prone to inter-state conflict because, as the next point suggests, water cooperation turned out to offer many benefits for the states.

2. Water sharing and cooperation created opportunities for the Central Asian states.

Predictions of water wars in Central Asia were often tied to the question of how the regional states would deal with water as a shared resource, as new barriers and borders were being erected. The Aral Sea disaster was suddenly transformed from a "domestic" water crisis into a problem of interstate relations for the region, with newly independent states vying for water rights to the rivers that feed into the sea.

Without considering geography, this perspective might make sense. However, given their terrain, the upstream states where the rivers originate, such as Tajikistan, can only use so much water, with the rest eventually making its way to downstream countries. Similarly, for the downstream states, such as Uzbekistan, vast cropland means that they can offer food and other agricultural products unavailable or more expensive in the more mountainous states. For both upstream and downstream states, then, access to water creates a significant bargaining opportunity. Downstream states are never simply passive victims, nor are upstream states necessarily antagonistic toward their neighbors.

Policymakers in both contexts are far more inclined to avoid conflict and instead actively work to secure what they want (whether that is water or something else in exchange for water, like subsidized agricultural products)—and they will undertake all sorts of bargaining, backdoor deals, and even strong-arming to make that happen. Picking up arms would nullify these opportunities.

Similarly, as noted above, the international aid community was particularly concerned with deterring conflict over water in the Aral Sea basin in the 1990s, believing that it was a looming and inevitable threat. While the sea's eventual demise was more or less a foregone conclusion, numerous organizations were set up to facilitate interstate cooperation and dialogue regarding water sharing and remediation efforts in the Aral littoral communities (such as a joint World Bank and United Nations' Aral Sea Basin

Program). Participating in these initiatives often brought economic incentives that were substantial for the suffering economies of the region at the time.

Ironically, international intervention actually "worked" from the perspective of promoting stability—albeit for the wrong reasons and for the wrong people. Perhaps predictably, funds for projects large and small quickly found their way into the hands of elites. Treated by elites as another kind of opportunity, conflict prevention and aid programs related to the Aral Sea disaster helped shore up elites and further entrench the local patronage of water administrators. That said, international donors quickly lost patience for regional corruption and for seeing aid money enrich politicians, and most projects disintegrated by the early 2000s.

3. The stakes were too low for armed conflict over water in Central Asia.

Given the economic and political opportunities that cooperation presented to elites, conflict would not have been in their interest. Furthermore, the burden of the Aral Sea disaster and regional water mismanagement has always been unevenly distributed. When people lack access to water in their homes, or when farmers have their water cut off at important times in the growing cycle, or when people suffer from respiratory ailments due to the region's pesticide-laden dust storms—these are things that disproportionately affect mostly peripheral rural populations.

As shown by interviews and ethnographic research I conducted in 2005 and 2015, residents of many villages in the North Aral Sea region of Kazakhstan feel intensely powerless to affect change regarding the ecological situation, and many find the region's large unemployment and underemployment rates to be a much more pressing challenge than access to water. The overwhelming attitude is that the matter should be resolved by government officials, or that whether there is water or not is a question of God's will. Either way, these individuals expressed no inclination to take matters into their own hands through initiating some sort of armed action. Such efforts, from their point of view, would be worse than futile. In short, those most impacted by regional water problems—those for whom the stakes are highest—have never posed a threat to peace, while elites who are heavily invested in leveraging the threat to peace are actually not at all interested in investing the resources that would be required for fighting over water.

Lastly, the recent unique trajectory of Kazakhstan has also shaped today's picture of water relations. Given its resource wealth and political efforts to diversify into sectors beyond agriculture, the country has been able to move away from the most water-intensive crops like cotton, wheat, and rice, unlike its southern neighbor Uzbekistan. This, combined with a World Bank-funded project to build a dike between the North and South Aral Sea, has allowed the government to reduce its use of the Syr Darya River and promote the refilling of the North Aral. While the North Aral represents only ten percent of the original sea's size, Kazakhstan's government has presented its

rejuvenation as a major victory, and although regional poverty still prevails, conditions in the area are slowly improving. Overall, Kazakhstan's ability to plot a different trajectory—one that is not bound intensely to water resources—means that "scarcity" has not been constructed as a major development challenge, and certainly not an existential threat worth fighting over.

Conclusion

What can the Aral Sea disaster tell us about environmentally-related security threats in Eurasia? The costs and benefits of environmental change associated with the Aral Sea's desiccation have historically been unevenly distributed. Elites with the power to make decisions about water policies have historically benefited from them, while the periphery has tended to bear the brunt of the costs.

This is generally the case of environmental degradation throughout Eurasia—and indeed the entire world. Whether it is water mismanagement in Central Asia, nuclear catastrophe in Chernobyl, or heavy-metals pollution in Norilsk, those most impacted tend to be marginal populations whose homelands and bodies are contaminated as a result of political decisions about how to use states' natural resources.

As the 1990s fixation with "resource wars" suggests, sensational narratives about armed conflict over resources can actually be used for more ill than good. Ostensibly aiming to galvanize policymakers and ordinary citizens into caring for the environment and the planet's limited resources, narratives that construct scarcity as a natural—rather than political—phenomenon threaten to divert attention from the underlying social and political inequalities that resulted in unsustainable practices in the first place. So while the absence of violent conflict is always a positive outcome, policymakers should be concerned about the extreme inequalities that this "success" is built upon, and instead consider *social justice* as a more sustainable goal than *stability* in promoting regional security.

Strategic Solidarity

How Central Asia Responds to the Kremlin's Exhortations

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Scott Radnitz*
University of Washington

The Central Asian states have endeavored over the past two decades to maintain the appropriate amount of distance from the regional hegemon, Russia. They have sought to balance good relations with it while preserving internal legitimacy and sovereignty. Their approach has hinged on three factors: (1) their structural dependence on Russia; (2) the level of Russia's insistence on conformity to its policies; and (3) their interests with other states and powers. Where these pull in the same direction, the result is visible manifestations of solidarity with Russia. Where they are at odds, regimes have been willing to resist Russian entreaties as the less risky option if capitulation might risk provoking domestic instability. Whereas the first factor changes slowly, the second and third have fluctuated over the years, usually in tandem, and most recently since the start of Vladimir Putin's third term.

The major change that has come with Putin's third term is the advent of the Kremlin's anti-Western campaign, starting after the 2011 mass protests in Russia and escalating during the Ukraine conflict. As part of this campaign, Central Asia has been subject to greater pressure to support Russian policies, both materially and symbolically. How have they responded? From 2011 to early 2015, their behavior indicated a concerted effort to placate Russian foreign policy. Yet after Ukraine stabilized, regimes felt sufficiently confident to return to the status quo ante and they began to part with Russia on symbolic matters, even making overtures to the United States. At the moment, as we approach the end of 2016, the major concern in Central Asia is not about an overweening Russia, but a weakened one.

Tending to a High-Maintenance Neighbor

Moscow's position before the 2010s was to prefer pro-Russian regimes on its borders but to tolerate ones that were not vocally anti-Russian. This stance was evident in its pragmatic approach to its neighbors until revolutions brought in new pro-Western governments in Ukraine and Georgia. Russia punished the former by raising the price of

* Scott Radnitz is Associate Professor at the Henry M. Jackson School of International Studies and Director of the Ellison Center for Russian, East European, and Central Asian Studies at the University of Washington.

gas and the latter with a variety of pressures, most significantly, support for the leaders of Georgia's breakaway regions, culminating in the 2008 war. But in Central Asia, where NATO enlargement was not a factor, Russia did not necessarily perceive its influence as incompatible with those of the West or China. Unlike in Eastern Europe or the Caucasus, Central Asian leaders never promoted overtly anti-Russian foreign policies (although Russian officials appeared to gloat about President Kurmanbek Bakiev's overthrow in Kyrgyzstan after he reneged on a pledge to shut down the Manas Transit Center).

The Central Asian states have accommodated great power interests surprisingly well over the quarter century by managing risk, being pragmatic, and playing up their willingness to work with all actors. Despite lying geographically within Russia's "privileged influence" zone, they resisted Russian pressure to cede their sovereignty. They secured billions of dollars in aid from the United States and the EU while resisting any substantive pressures for reform that might weaken the elite's hold on power. They were able to secure even greater amounts of Chinese investment and infrastructure without incurring meddlesome conditions. One result of the inflow of rents was surprising political continuity and surface stability.

As Russia's relations with the West worsened, especially after Putin returned to the presidency and was met by demonstrations in 2011, Moscow's demands on the near abroad deepened. Intent on creating a bloc to counterbalance the EU, Russia proceeded to establish the Eurasian Economic Union (EEU), the idea for which had lain dormant for a decade. Although its official purpose was to produce a free trade zone and create a large common market, it was widely seen as a geopolitical move. The economic rationale for pooling sovereignty was not sufficiently persuasive. The imbalance of power favoring Russia threatened to formalize a neo-imperial relationship. The Eurasian circumstance is different from, for example, the creation of the European Coal and Steel Community in 1950 (predecessor to the EU), a union that contained equally large Germany and France.

The other new development was the Kremlin's new "civilizational" pivot, drawing a contrast in values between a progressive West and conservative East. Within Russia, manifestation of this new refrain included anti-LGBT laws, the persecution of the rock band Pussy Riot, and the branding of liberal oppositionists as fifth columns. This initiative, though initially intended for Putin's domestic audience, was later generalized to apply to a large bloc including post-Soviet and Muslim countries, and notionally, China as well.

After Russia's annexation of Crimea and escalating tensions with the West, there were two mechanisms that began to link Russian and Central Asian foreign and domestic policies more tightly: intimidation and emulation. First, Central Asian leaders, observing how important the Ukraine issue was to Putin, may have feared punitive actions, such as restricting migrant labor, if they did not follow Russia's lead. A stronger version

holds that they feared invasion and territorial annexation like Ukraine if they notably deviated from Russia's interests—especially in places with large concentrations of Russians, such as Kazakhstan. According to the emulation mechanism, leaders need not fear Russia, but can take advantage of Putin's example to enact policies that serve domestic interests, or seek to ingratiate themselves with Putin for the prospect of future rewards. It is sometimes difficult to distinguish these mechanisms in practice, but the logic of emulation is more persuasive where policies of solidarity are observed.

Central Asian Contortions

The Central Asian states did not share Russia's sense of grievance against the West nor support its territorial claim against Ukraine. Instead, the dominant responses were ambivalence and selective mimicry. The bellwether of Central Asian attitudes was their vote on a UN resolution to condemn Russia's annexation of Crimea. With reports of Russia threatening numerous countries before the vote, it passed 100 to 11 with 58 abstentions. Quite a few post-Soviet countries voted for it. Armenia and Belarus voted against it. Kazakhstan and Uzbekistan abstained. Kyrgyzstan, Tajikistan, and Turkmenistan did not vote at all. Azerbaijan voted—and spoke out—in favor of Ukraine's territorial integrity.*

Subsequent moves by the Central Asian states reveal a gradation of accommodation to Russia's policies in Central Asia, with Kyrgyzstan and Tajikistan the most supportive, Kazakhstan occupying a careful neutral position, and Uzbekistan the most resistant. However, with the passage of time, there was a general reversion to pragmatic foreign policies.

Kyrgyzstan, a state whose fate is closely linked to Russia's but with a history of openness to the West and democracy assistance, has typically been reluctant to place all its geopolitical eggs in the Russian basket. Yet following Russia's foreign policy course, the government signaled a sharp break with the West, including introducing copycat legislation requiring registration of foreign agents and prohibiting "gay propaganda." The most extreme measure was the abrogation of a longstanding agreement with the US governing foreign assistance following the State Department's granting of a human rights award to Azimjon Askarov, an ethnic Uzbek defense lawyer who was imprisoned following the outbreak of ethnic violence in 2010. These moves occurred within an anti-American campaign in the media and in political discourse. Yet, this new agenda, which was out of character for Kyrgyzstan, did not last. In late 2015, U.S. Secretary of State John Kerry visited all five Central Asian states and was greeted warmly in Bishkek. Officials spoke of restoring better ties with the United States, and the Supreme Court reviewed Askarov's sentence. The copycat bills that generated so much press in the West

* This is unsurprising, given its unwillingness to endorse a territorial pretension analogous to Nagorno-Karabakh.

were never in fact passed by parliament. From the vantage point of late 2016, these episodes of geopolitical vacillation resemble past swings of the pendulum (if more drastic).

Tajikistan, which like Kyrgyzstan is heavily dependent on remittances from labor migrants working in Russia, continued an existing trend of pursuing Russia-friendly policies. It had previously ratified an agreement extending Russia's military presence to 2042. The years after the Euromaidan saw an intensifying crackdown against political opponents and religious believers. This might be perceived as a nod to trends in Russia, but it can just as easily be explained by the regime's domestic logic. By mid-2016, Tajikistan was signaling its intention to join the EEU. Its accession would not be the result of deliberate Russian pressure—although it would provide Russia the symbolic cachet of one more member—but rather a move compelled by the fact that its main trading partners other than China were already part of the bloc.

Although one of the earliest members of the EEU, Kazakhstan has usually placed sovereignty concerns over conformity to Russia's wishes. Notably, it balked at further integration through the EEU, including the possibility of a common currency. And while Russia may have sought an exclusive trading relationship, Kazakhstan has preferred a more open one. President Nursultan Nazarbaev made a formal request to the EEU that his country be allowed to deepen trade ties with both China and the EU. Kazakhstan notably resisted joining Russian counter-sanctions against the EU levied in the spring of 2015 and maintained relations with Ukraine's government, which is loathed in Russia. Perhaps the turning point was Putin's (seemingly) offhand comment in August 2014 that Kazakhstan's statehood began in 1992, which resonated in Kazakhstan by galvanizing a reaction to defend its sovereignty.

Bucking the broader trend, Uzbekistan first leaned away from Russia before inching back. Recently deceased former president Islam Karimov was characteristically standoffish initially, displaying no interest in ceding sovereignty by joining the EEU. Putin could not have expected full Uzbek cooperation on Crimea, nor did it make any known threats to secure it. Not only did Uzbekistan make no detectable movement toward the Russian position on Crimea, it willfully turned toward China for investment to compensate for a diminished Russian presence as a result of its economic problems. Yet by mid-2016, Uzbekistan appeared to be leaning closer to Russia than it did in the immediate aftermath of the Euromaidan. By forgiving a longstanding Uzbek debt, Russia appeared to be attempting to coax Uzbekistan back into its orbit. Common security concerns and Uzbek dependence on migration to Russia leave an opening for closer relations provided Russia does not push too hard.

Opportunism Prevails, Yet Again

Given the past behavior of the Central Asian states, it is hard to conclude that any state's sympathy for Russia's ideological objectives has been more than superficial. As it happens, the Central Asian states' domestic moves that conformed to Russia's designs—closing NGOs, branding oppositionists as terrorists, and playing to nationalist-tinged bigotry—all served to strengthen the control of incumbent regimes. Conveniently, leaders could claim to Western critics that they adopted these measures under Russian pressure, chalking up both domestic and international victories. Next to an "expansionist" Russia, Central Asia's rulers could market themselves as moderate and reasonable partners, even as they continue to tighten the screws at home.

More alarming from the Central Asian perspective than a vindictive Putin throwing his weight around is Russia's economic malaise, a result of low oil prices and self-inflicted wounds in its confrontation with the West. These factors reverberate in Central Asia through less generous patronage, collapsing regional currencies, and a decline in Russia's ability to absorb labor migrants, along with heightened xenophobia against dark-skinned migrants. Central Asia's leaders are paying the price for failing to adopt policies that could improve domestic employment and foregoing opportunities to decouple their economies from Russia's. If migrants were to return *en masse* to Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan, these countries would face new stability challenges.

For the most part, the forces pushing Russia and Central Asia together are stronger than those pulling them apart. Russia, for all its pretensions, is too important to fail, and Central Asia's leaders fear its further isolation from the world economy. Due to Russia's domestic problems and its preoccupation with geopolitical matters on its Western flank, Central Asia is (for the time being) an afterthought. This means that Moscow need not waste precious hard currency building infrastructure projects (dams) or punish Central Asian states for anything less than an egregious transgression. The state of relations in the region over two years after Euromaidan therefore resembles that of old, with hardheaded realism and brazen opportunism prevailing in the capitals of Central Asia.

Eurasia's CSTO and SCO

A FAILURE TO ADDRESS THE TRAFFICKING/TERRORISM NEXUS

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Mariya Y. Omelicheva*
University of Kansas

The topic of collective responses to terrorism, extremism, and transnational organized crime has long dominated discussions within the Collective Security Treaty Organization (CSTO) and Shanghai Cooperation Organization (SCO). However, they routinely fail to address the multiple and complex ways that these activities intersect. This is a serious oversight. It makes collective security initiatives incapable of appropriately countering local and regional security threats. Moreover, by neglecting to address the shared root causes of criminal and terrorist activity in the region, the CSTO and SCO perpetuate autocracy and institutional deficiencies in member states.

Inadequate Coordination and Focus

In May 2016, CSTO police chiefs and deputy interior ministers gathered in Yerevan to discuss issues related to regional cooperation in the fight against organized crime, drug trafficking, and terrorism. A month later, Yerevan hosted a meeting of CSTO Security Council secretaries dedicated to collective counterterrorism responses. Almost concurrently, the SCO held its jubilee summit in Tashkent where leaders reaffirmed their support for closer counterterrorism cooperation—they even quoted CSTO concerns about the rising influence of the Taliban and ISIS in Afghanistan. They did not address the ways in which terrorism, insurgency, and organized crime intersect in the region, and how the operational environment where CSTO and SCO resources are deployed should interact with the terror-crime nexus.

The reasons for neglecting these hot spots are the same that have long cramped effective collective security responses in the region. To begin with, each state has strong divergent interests and both organizations lack the sustainable capacity to meet new security challenges. Regional governments view security cooperation as an instrument for their national and international self-assertion. Consequently, they are interested in regional projects that shore up their power and divert attention from domestic sources of

* Mariya Omelicheva is Associate Professor in the Department of Political Science at the University of Kansas. Aspects of research on this topic were funded by the Minerva Initiative Grant "Trafficking/ Terrorism Nexus in Eurasia."

regional security concerns. Not only does this fail to effectively address terrorism-criminal connections, it also advances the very political and security malformations responsible for engendering them.

Neither the CSTO nor SCO is oblivious to the links between terrorism and transnational crime. A number of declarations adopted by both in recent years acknowledge the futility of fighting terrorism without disrupting its sources of funding. While the drug trade has provided funding for insurgency and terrorist attacks in the region, an exclusive focus on the operational dimension of the relationship by the leadership of the CSTO and SCO conceals the more complex nature of the terrorism-crime nexus. A few examples of the intersections in Central Asia illustrate the point.

CSTO (1992-)
Armenia
Belarus
Kazakhstan
Kyrgyzstan
Russia
Tajikistan
Observers:
Afghanistan
Serbia

SCO (2001-)
China
Kazakhstan
Kyrgyzstan
Russia
Tajikistan
Acceding:
India
Pakistan
Observers:
Afghanistan
Belarus
Iran
Mongolia

According to reports from Afghanistan's Drug Control Agency, insurgents of the Islamic Movement of Uzbekistan (IMU) and Taliban have influence in several districts of the Takhar province that shares a border with the Khatlon district of Tajikistan. By controlling the border areas, the insurgents are able to tap into the heroin pipeline running northward. Takhar is the only province in the region where Central Asian insurgents tax the drug trade. While the precise nature of this taxation is unclear, the United Nations Mission in Afghanistan reports that an alliance was formed between insurgents and local drug smugglers to maintain control of the border.

Even when Islamist, militant, and criminal groups appear to operate independently, their activities often concentrate in the same geographical areas. The Tajik government in Dushanbe, for example, has tenuous control over Gorno-Badakhshan (GBAO), an impoverished, sparsely-populated province bordering Kyrgyzstan, China, and Afghanistan. It is home to minority Pamiri ethnic groups who often feel unrepresented by the current Tajik government. GBAO is controlled by former warlords and is a hive of drug operations. The geographical and socio-political conditions there have allowed it to be a stronghold of political and ethnic opposition to the government of President Emomali Rahmon, who blamed a series of violent clashes between the government troops and militants in 2010, 2011, and 2012 on the "Islamists." In 2015, Dushanbe closed the mountainous Gorno-Badakhshan to all foreign tourists citing the threat of a spillover of Islamist insurgency across the border in Afghanistan. However, it is very unlikely that the predominantly Sunni Taliban would have much in common with the Pamiri ethnic groups that adhere to Ismaili Islam. If there were any links, those would have to do with drug trafficking and other illicit trade.

Kazakhstan's image as an island of stability in a tumultuous region was tarnished in 2011 when a spate of violence occurred (suicide bombings, explosions, and shootouts with security forces). Astana eventually laid blame for the terrorist attacks on Islamists (including Jund al-Khilafah) even though the criminal past of Kazakh extremists seems to support the original interpretation of these incidents as violence committed by organized criminal groupings. The very identity—criminal or Islamist—of Jund al-Khilafah members in Kazakhstan has been in question because of their involvement in organized crime.

Collective (Non)Reponses

The frequency of organized violence has raised concern in the SCO and CTSO. The SCO's efforts at counteracting terrorism and drug trafficking have been confined to expressions of political support to member-state counterterrorism measures and drafting programmatic documents expressing the need and intent to coordinate military and political steps. The CSTO has set up a multi-level system of collective responses. Its Collective Rapid-Response Force was created in 2009 to counter aggression, terrorist attacks, and drug trafficking operations on the territory of the member-states. This Force has staged regular joint combat exercises, special operations, and tactical trainings. In the area of anti-drug trafficking, the CSTO has carried out annual international counter-narcotics operation involving troops from the drug control, security and internal affairs agencies, border and custom services, and financial intelligence units. The SCO's Regional Anti-Terrorist Structure has carried joint counterterrorism maneuvers but has been less active than the CSTO in terms of organizing member-states' operations aimed at disrupting terrorism financing and money laundering. The CSTO and SCO conventional war games and counterterrorism and anti-narcotics exercises, however, were planned in isolation from each other, which reflects a lack of coordination, particularly on the key areas of where terrorism, insurgency, and organized crime meet.
Some efforts on the ground seem promising, but they can be misguided. For example, in recent military drills, CSTO troops practiced a scenario involving insurgents crossing from Afghanistan into Tajikistan. The test was about hundreds (even thousands) of ISIS fighters, Taliban militants, and operatives of Islamist organizations training in northern Afghan provinces in preparation for acts of terrorism and subversion. However, the motives for a possible violent incursion into Central Asia from the south are few. The Taliban, for its part, has no tactical, strategic, or ideological interest in crossing over into the post-Soviet region. For militants of all stripes, however, establishing control of northern drug trafficking routes are worthy and realistic goals. In Afghanistan, the remote Badakhshan province, which borders Gorno-Badakhshan, is a bedrock of anti-government forces. These provinces also provide the shortest drug trafficking route from the south toward Russia and Europe (via Central Asia). It has become the militants' "financial center," where the production of heroin in local laboratories has soared in recent years, yielding high revenues from the drug trade. It is not coincidental that

Badakhshan and other northern Afghan provinces have seen an increase in militant activity. If militants themselves were to cross the Central Asian border, they would risk skirmishes with the national and regional military forces for criminal, rather than religious or ideological, purposes. The presence of, and opportunities for, criminal networks are the actual, active threats, yet not the focus of "security drills."

Cracks

Both the CSTO and SCO currently lack the sustainable capacity to provide an effective collective response to regional security challenges. From the operational standpoint, their military and security personnel have insufficient experience with inter-agency cooperation and training. They would be hard pressed to tell apart drug traffickers (and their associated operations) from Islamists (and their associated maneuvers). There is a real shortage of military and security potential and personnel in the southern Central Asian regions. Russia's forces, doctrines, weapons, and technology dominate CSTO training and special operations. Its military and technological sophistication, advancements in network-centered warfare capabilities, and battleground experiences in conflicts like Syria and Ukraine are in stark contrast to the military capabilities of other CSTO members. Taking into consideration the widening gap between Russian and member-state forces and the economic crisis in Russia, the Kremlin faces having to do "more with less." Russia already dismantled its Federal Drug Control Service in May 2016 due to budget shortfalls. This also calls into question the future of the CSTO's Collective Rapid-Response unit. Russia's military reforms resulted in a situation where the country does not have enough forces to defend its own territory, much less to sustain the high troop levels required for strengthening security on CSTO borders.

The absence of Uzbekistan and Turkmenistan in the CSTO leaves another major crack in the regional security architecture. Their unwillingness to deepen security cooperation with Russia is emblematic of diverging interests in the region and deep distrust between member-states. Moscow has sought to convince regional capitals that Russia is the only guarantor of stability and security in Central Asia via collective exercises and military aid. Fearing excessive Russian military presence, the leaders of Central Asian states have repeatedly altered narratives about the nature and extent of national security threats. Tajikistan, for example, has sought to cast itself as the frontline against the spillover of Afghanistan's insurgency and employed this narrative to secure international military aid. On the other hand, it has also dismissed the threat of Islamist violence and insisted on the preparedness of its own security forces to counter any threat.

In a brief look at other stakeholders, Kyrgyzstan, similar to Tajikistan, has used membership in regional organizations for gaining access to modern security equipment and training and buying diplomatic leverage with the United States. For Kazakhstan, CSTO and SCO membership has been integral to it multi-vector foreign policy and external image building, while China has utilized the SCO as a platform for conducting

bilateral negotiations related to energy and trade with Central Asian states. At the end of the day, all CSTO and SCO members are loath to intervene in the internal affairs of other members, preferring to cite "non-interference" in matters that fall within national jurisdictions as a foundational principle. The sovereignty umbrella has also been used to cover the instances of state-organized crime connections that further hinder the regional security cooperation. Finally, the fairly recent addition of India and Pakistan to the SCO is strategically beneficial from the standpoint of addressing Islamist radicalization threats, but given the culture of the SCO and the bilateral history of Delhi and Islamabad, their inclusion may actually strain some focus and functionality.

Conclusion

The future of earnest security cooperation in the Central Asian region appears bleak. The rhetoric of CSTO and SCO leadership linking instability in Afghanistan with security-related developments in Central Asia has diverted attention from the region's criminal hinter- and borderlands and the domestic undercurrents that permit violence, criminality, and extremism. Getting to the root of the intersection between terrorism and crime calls for an integrated framework of coordinated inter-governmental responses, keeping a close eye on linkages between counterterrorism, counterinsurgency, and anti-drug trafficking. A multi-level, inter-agency, and inter-state approach can only germinate in an environment of trust and shared understanding about the true sources of security concerns. These are difficult to come by in a region where geopolitical competition between actors large and small is intensifying and local leaders exploit collective security projects to entrench their regimes.

IV. Social Evolutions and their Interaction with Domestic and Foreign Policies

Foreign Policy Consequences of Homegrown Eurasian Nationalism

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Eric McGlinchey*
George Mason University

U.S. policymakers confront a paradox in Eurasian politics: more pluralistic Central Asian states are more prone than the region's solidly authoritarian states to ethno-nationalist violence. In particular, Kyrgyzstan's and Tajikistan's turn toward nationalism has been problematic for these two countries' ethnic minorities, but it also has implications for U.S.-Kyrgyz and U.S.-Tajik relations. Kyrgyzstan, once the U.S. government's closest partner in Central Asia, is now estranged from Washington. Diplomatic rows with Tajikistan have been less dramatic, perhaps due to the fact that Washington's efforts to promote political pluralism in Tajikistan have been less forceful. Taken together, the Kyrgyz and Tajik cases demonstrate that U.S. democratization efforts in Central Asia are constrained. The U.S. government can either choose to champion political pluralism and risk strategic partnerships, as it has in Kyrgyzstan, or abide autocratic repression of minorities and maintain strategic partnerships, as has been the case in Tajikistan. Washington cannot have it both ways. Attempts to do so in Kyrgyzstan, much like Washington's similar attempts in Egypt to promote reform while maintaining its military partnership with Cairo, have failed.

Nationalist Conflict in Central Asia

Ethnonationalist conflict is largely absent among Eurasia's stable autocracies. Conflicts, to the extent they exist in Kazakhstan and Uzbekistan, occur among groups within the ethnic majority. The 2011 Zhanaozen violence was a conflict between two Kazakh economic classes, the managerial class running the Zhanaozen oil refineries and the working class that staffed these refineries. The 2005 Andijan violence was a conflict between the center and regions, between Uzbeks in the Fergana valley who sought greater autonomy and a Tashkent leadership that is intolerant of deviations from centralized autocratic rule.

* Eric McGlinchey is Associate Professor of Politics in George Mason University's School of Policy, Government, and International Affairs.

The 2010 and 2012 violence in Kyrgyzstan and Tajikistan, in contrast, were conflicts fueled by nationalism. U.S. diplomats laud the Tajik regime and, especially, the Kyrgyz leadership for tolerating some degree of political pluralism. This acceptance, though, is the result not of central government design but central government deficiency. The Tajik and Kyrgyz states are too weak to repress opposition. Pluralism is the result of state incapacity, and nationalism is the strategy the Tajik and Kyrgyz regimes use in an effort to mitigate the opposition challenges that come with state incapacity.

This is the bind that U.S. policymakers must confront: how to push Eurasian states toward political pluralism without simultaneously pushing them toward nationalism. Were the latter inclusive—the nationalism of a united polity marshaled to advance civic pride or defend against real or imagined outside threats—then U.S. proponents of Central Asian democratization would not need to worry about unintended consequences. But Tajik and Kyrgyz nationalism has neither been inclusive nor primarily outward directed. Instead, it has targeted domestic ethnic minority groups: Uzbeks in Kyrgyzstan's Osh and Jalal-Abad provinces and Pamiris in Tajikistan's Gorno-Badakhshan region.

Kyrgyzstan's Turn toward Nationalism

Four pillars serve as the foundations of Kyrgyzstan's autocratic instability: (1) the absence of a dominant presidential party; (2) limited resources for patronage politics; (3) a population inclined toward protest; and (4) deep ethnic and regional divides. These four pillars have prevented Kyrgyzstan's presidents from consolidating autocratic rule and have allowed for political competition at the parliamentary and local levels. In addition, as is often the case in diverse states where institutions are weak and contestation is real, politicians turn to nationalism in an effort to curry favor with the population.

The fact that the drivers of Kyrgyz nationalism are domestic in origin is critically important as well. Were the drivers international, with, for example, Kyrgyz nationalism the result of postcolonial discourses of independence or a national campaign juxtaposing traditional values to encroaching outside cultures of excess, Kyrgyz politicians would have considerably greater latitude in the conduct of their foreign policy. Kyrgyz politicians at home could rail against an external other, the former colonial ruler, or Miley Cyrus, while maintaining cordial diplomatic relations with external powers.

Neither Moscow nor Miley, though, are the wellsprings of Kyrgyz nationalism. Political competition drives nationalism. Kyrgyz politicians, even politicians once inclined toward inclusiveness and liberal values, are falling over themselves to demonstrate their nationalist bona fides. In May 2011, the Kyrgyz parliament voted unanimously to reject the findings of the Kyrgyzstan Inquiry Commission, an independent investigation led by Finnish parliamentarian Kimmo Kiljunen. The Commission's report concluded that

ethnic Uzbeks were disproportionately affected in southern Kyrgyzstan's deadly 2010 riots and, moreover, faulted the Kyrgyz military for contributing to the violence that left hundreds of Uzbeks dead and thousands without homes. Roza Otunbayeva, at the time interim president of Kyrgyzstan and widely perceived in diplomatic circles to be a proponent of reform and tolerance, did not dispute the parliament's vote nor challenge the parliament's decision to declare Kiljunen persona non grata.

Five years after the 2010 ethnic riots, Kyrgyz politicians are once again competing to demonstrate their nationalist credentials. In response to the State Department's awarding jailed ethnic Uzbek activist, Azimjon Askarov, the 2014 Human Rights Defender award, the administration of Almazbek Atambayev cancelled a 1993 cooperation agreement with the United States. The Atambayev administration, moreover, sentenced a prominent Uzbek imam, Rashot Kamalov, to ten years in prison for alleged religious extremism, charges international organizations such as the OSCE have questioned. These moves by the Kyrgyz president are understandable. Atambaev faced a real challenge in October parliamentary elections from populist parties like Respublika–Ata Zhurt. By ramping up its rhetoric in the manufactured Askarov and Kamalov cases, the Atambaev administration ensured the pro-presidential Social Democratic Party would not be outflanked on the nationalism issue.

Perhaps U.S. officials did not intend to provoke the Atambayev administration by honoring the jailed Askarov with the Human Rights Defender award. As anthropologist Sean Roberts, a one-time USAID democratization officer for Central Asia, recently observed, the decision of one office within the State Department to honor Askarov is not indicative of a unitary and intentional U.S. government policy to reprimand Kyrgyzstan for human rights abuses. What the ongoing diplomatic dispute does demonstrate, though, are the difficult waters that lay ahead in Kyrgyz-U.S. relations.

Until recently, Washington's primary objective in Kyrgyzstan was to secure access to the Manas Air Base. Now that the United States has drawn down its military campaign in Afghanistan and left Manas, Washington has greater freedom to champion political reform in Kyrgyzstan. This is a laudable objective and one that many Kyrgyz citizens support. In pursuit of this objective, however, Washington policymakers must be sensitive to the reality that Kyrgyz politicians, even reform-leaning politicians, have little choice but to engage in Kyrgyz nationalist discourse. Were Kyrgyzstan like Kazakhstan or Uzbekistan, that is, were the Atambayev leadership secure in its rule, it would not perceive the need to coopt its opponents' nationalist rhetoric. But Kyrgyzstan is neither a strong autocracy nor an institutionalized democracy. Instead, it finds itself in a gray zone where four pillars of instability—a weak presidential party, few patronage resources, a population inclined to protest, and deep ethnic and regional divides—force the central leadership to lash out against any and all external critiques of Kyrgyz nationalism. U.S. policymakers would do well to anticipate outbursts of ethnonationalism during Kyrgyz elections and, particularly in non-election years,

support the efforts of the many Kyrgyzstan-based civic organizations working to promote interethnic understanding and cooperation.

Tajikistan's Turn toward Nationalism

Tajikistan shares many of the same state incapacities that have weakened Kyrgyz autocratic rule. President Emomali Rahmon has been able to establish a dominant presidential party, the deceptively named People's Democratic Party. But like his Kyrgyz counterparts, Rahmon suffers from limited patronage resources, a country with deep regional and ethnic divides, and, at times, a population willing to protest central government rule. Here too, as in Kyrgyzstan, these pillars of instability have given rise to nationalism. Although Rahmon does not face the same degree of opposition that Kyrgyz presidents do, he does feel compelled to demonstrate his Tajik nationalist vision.

At times these demonstrations are comical, as can be seen in the omnipresent billboards of a hardhat-wearing, arm-extended, finger-pointing Rahmon extolling the promise of the yet-to-be-built Rogun Dam. Where Lenin once pointed to the West to symbolize the future glory of Soviet communism, Rahmon now points to what would be the world's tallest dam to symbolize post-Soviet Tajik nationalism.

At other times, however, Rahmon's nationalism takes on real rather than symbolic meaning. In July 2012, Rahmon dispatched thousands of troops to the Gorno-Badakhshan Autonomous Region (GBAO) following a deadly clash between supporters of a local warlord, Tolib Ayombekov, and the central government's commander in the region, General Abdullo Nazarov. Although the cause of the clash between Nazarov and Ayombekov remains disputed, the optics were clear: Ayombekov, his supporters, and the GBAO population broadly are ethnic Pamiris. Nazarov, who died in the fight, was Tajik. The dispatching of central government troops and the suppression of Ayombekov's supporters was Rahmon's message to the Pamiris, and equally to ethnic Tajiks, that there would be no toleration of ethnic minority challenges to majority rule.

Where Rahmon's nationalist agenda is most apparent is in his anti-Islamist campaign. In an October 2015 television address, Rahmon underscored his government's efforts to "propagate and honor national values." To achieve this end, Rahmon urged "every patriot of the country to prevent the recruitment of residents, specifically teenagers and young people, by radical and extremist groups." In a January 2016 report about policing in Tajikistan's Khatlon region, Radio Free Europe/Radio Liberty illustrates how the president's exhortation is implemented at the local level. Here, so as to combat "foreign influences," the Khatlon police "brought to order" 12,818 men with "overly long and unkempt beards," shuttered 162 stores that sold hijabs, and "convinced 1,773 women and girls to shun the alien headwear."

Rahmon's portrayal of outward expressions of Islam as alien, radical, and anathema to Tajik national values is understandable. Until recently the greatest challenge to Rahmon's rule was the Islamic Renaissance Party of Tajikistan (IRPT), a party whose representatives, according to the 1997 UN-brokered peace agreement ending five years of civil war, were to be assured representation in government. In September 2015, however, the Tajik courts banned the IRPT, ruling the party was a terrorist organization. Since the September court ruling, the IRPT leadership has been jailed or forced into exile.

In contrast to its response to growing Kyrgyz nationalism, the U.S. government has been slow to fault Tajikistan's growing nationalism. This silence has drawn criticism, so much so that the State Department's Office of Inspector General conducted an inspection of the U.S. embassy in Dushanbe and submitted a report in which the IG concluded: "Tight front office control of information reported to Washington has undermined confidence that the embassy provides a full and reliable picture of local developments essential for assessment of Arms Export Control Act concerns." Stated directly, the IG faulted the U.S. embassy in Dushanbe for whitewashing the 2012 GBAO violence and, moreover, the IG suggested the goal of this whitewashing was to ensure continuity in U.S.–Tajik military programs. The IG report appears to have had a positive effect. The U.S. embassy, following the September 2015 crackdown on the IRPT, promptly faulted the Tajik government for arresting IRPT members and for failing "to fully implement its OSCE commitments and international obligations on freedom of expression, association, and assembly."

Foreign Policy for the Future

Competition and nationalism in diverse societies go hand in hand. Social scientists disagree on the extent to which the gravitation toward nationalism can derail the process of political reform.* What is clear, though, is that nationalism, when its origins are domestic rather than international, boxes leaders of weak autocracies into stances they must defend abroad. Not to defend nationalist claims internationally would precipitate a leader's downfall domestically.

This reality poses challenges for U.S. foreign policy. Washington can ignore, as it has at times in the Tajik case, nationalist excesses and thus secure continued military cooperation. Alternatively, U.S. diplomats can denounce nationalism and the repression of ethnic minorities. This approach, however, all but ensures strained bilateral relations with weak autocrats whom U.S. policymakers might want to engage for geopolitical reasons.

* See, for example, the debate between Donald Horowitz and Arend Lijphard: Horowitz, "Democracy in Divided Societies." *Journal of Democracy* 4, no. 4 (1993): 19–38; Lijphart, "Constitutional Design for Divided Societies," Journal of Democracy 15, no. 2 (2004): 96–109.

Foreign policy toward Eurasia's secure autocrats is more straightforward. Washington's ambitions and these autocrats' fears are less pronounced. Karimov and Nazarbayev do not harbor high concerns about domestic opposition and Western democracy promoters do not harbor high hopes for political reform. Expectations and foreign policy aspirations on both sides are moderated and foreign policy disappointments therefore are less frequent.

Despite the foreign policy challenges that come with engaging weak autocratic states like Kyrgyzstan and Tajikistan, it is nonetheless in Washington's interest to endure spats such as the one U.S. diplomats are currently having with their Kyrgyz counterparts. Not to call out abuses and not to push for political reform in the Eurasian states where reform is most likely means abandoning the sizeable populations in Kyrgyzstan and Tajikistan who favor democratization. Liberalization is a protracted process and, if realized, U.S. foreign policy will be remembered in Kyrgyzstan and Tajikistan more for Washington's support of democracy than its occasional charges of nationalist excess.

Does Islam Challenge the Legitimacy of Uzbekistan's Government?

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Sebastien Peyrouse*
George Washington University

For more than twenty years, Uzbekistan has had no real political change and remains one of the most authoritarian countries in the world. How has President Islam Karimov held onto the reins of power for so long? Although he has used violence to repress threats to his regime, the longevity of his rule cannot be explained by the use of force alone.

Authoritarian regimes rely on multiple means to sustain their grip on power and maintain legitimacy. In Uzbekistan, like most post-Soviet states today, legitimacy stems from the ability of the head of state to guarantee the country's economic development and provide a certain degree of social welfare. Among the leading costs of this arrangement is political pluralism. From the first years of Uzbekistan's independence, its leadership has quashed all political alternatives and freedom of expression.

One area that has come under particular attack is religion. Religious organizations can potentially contest government narratives by proposing political alternatives or offering alternate (and more effective) social and economic support networks. Especially dangerous for the regime has been the formation of economic groupings operating under the umbrella of religion (like the Akramiyya movement, the repression of which led to the tragic events in Andijan in 2005).

Controlling religion is part of a larger authoritarian tendency to oppose all social structures that place regime legitimacy in question. Authoritarian regimes often counter the growth of public discontent by building legitimacy on two fundamental principles. First, they declare themselves protectors of a population they claim is under threat by a malign force, like religious extremism, which can undermine social gains. Second, they declare they are the only institution able to further the country's political, economic, and social development. In the case of Uzbekistan, these two pillars of legitimacy are visible through Karimov's consistent invocation of the "terrorist threat" and the regime's efforts to strangle any religious movement that might undermine official policy, deliberately or otherwise.

* Sebastien Peyrouse is Research Professor of International Affairs at the George Washington University.

Invoking Extremism to Maintain Power

Since the fall of the Soviet Union, President Karimov has persuaded the people that Uzbekistan's stability is under constant external threat while assuming the paternalistic role of protector of the nation. The government claims to promote religious freedom while also protecting the population against any fundamentalist or extremist drift. It has defined a "good" and "traditional" Islam in opposition to a conservative and anti-state Islam, which it considers an omnipresent threat that is systematically violent and aimed at promoting an Islamist caliphate.

Official government discourse frequently employs negative terms about the undesirable version of Islam, calling it "political Islam," "extremism," "Islamism," "Salafism," "radicalism," "Wahhabism," and "Jihadism." Most of the time these terms are interchangeable and largely derive from a terminology that is at once Soviet and Western and conflates foreign and extremist risks: us versus them, moderates versus extremists, the peaceful versus the violent, and democrats versus totalitarians. Government discourse about the risks of Islamist extremism has been fueled by real terrorist incidents, both foreign and domestic (such as the 2004 Tashkent bombings and other such incidents in the broader region, including those allegedly organized by the Islamic Movement of Uzbekistan).

The Uzbek government regularly makes two assertions regarding the nexus between religion, extremism, and terrorism that, for better or worse, have been reflected in its management of religion.*

1. All visibly practicing Muslims, whether in form (veils and long beards) or in action (daily prayer, frequent mosque-going), are deemed predisposed to radicalization.

Many surveys, official and unofficial, attest to the palpable, if moderate, growth in religious practice among Uzbekistan's population. The government's response to the population's growing interest in Islam (particularly among youth) has been to exert excessive repressive control over believers rather than engage in dialogue and educational programs concerning extremism. A growing number of individuals, mainly those who display obvious signs of religiosity, have been subject to harassment or sentenced to prison time.
However, the government's contention that devout believers are more susceptible to embracing extremism is something that has been contested by most sociologists of religion. Instead, the systematization of repression has led individuals or groups to go underground to preserve their beliefs and practices. It has also led to increased

* Several scholars have written on this topic; see, for example, John Heathershaw and David Montgomery, "The Myth of Post-Soviet Muslim Radicalization in the Central Asian Republics," Chatham House (November 2014).

resentment against the government for not allowing citizens to exercise freedom of religion.

The government fears that any social or economic crisis could push the population towards more extremist forms of religion. Although no real independent sociological surveys can be conducted in Uzbekistan, informal field research tends to show that popular resentment has been growing since the 2000s due to economic and social problems, such as poverty, corruption, and unemployment, that Karimov has been unable to satisfactorily address. Yet it is not possible to establish a correlation between an increasingly critical attitude toward the authorities and increased observance of religion. According to a study by John Heathershaw and David Montgomery, only six percent of interviewees claimed greater religious observance during times of crisis. Among those who declared that their religion considerably influenced their behavior, 30 percent never prayed or did so only on special occasions.

Despite accusations of extremism directed at them, the vast majority of believers and religious groups forced underground do not advocate violence against the Uzbek government. It is possible, however, that marginalization could make them more vulnerable to extremist ideology. If so, government policy would have an effect opposite to that it intends. Moreover, the forced clandestine nature of these groups' activities provides a circular basis for government propaganda to justify repressive policies, under the guise of a declared obligation to fight the phenomenon of religious radicalization.

2. Political Islam is systematically violent, anti-state, and anti-democratic.

The Uzbek government refuses to allow the establishment of religious parties or the involvement of any religious personalities in domestic politics. They claim that political Islam is systematically anti-democratic and opposed to the fundamental principles of freedom that secular power claims to defend. Although the authorities claim that secular governments defend freedom where Islamic regimes do not, there are ways in which the Uzbek regime is more authoritarian than some Islamic regimes (for instance, Iran or Pakistan). The emptiness of Uzbek newspapers, in which no criticism is tolerated, and the extremely limited number of local publications that are generally reduced to works of government propaganda stand in stark contrast to debates within the Iranian press, which, in spite of strict censorship, are still able to raise criticisms.

There is also no evidence that the general population will support extremist groups that provide social support, or that peaceful religious groups that involve themselves in civic activities will turn against democratic values. While there are undeniable risks stemming from violent groups such as the Islamic Movement of Uzbekistan, as well as the hundreds of Uzbeks who have joined the Islamic State, it is not clear that these groups would gain many supporters. Although some of these violent movements may provide social aid to gain support from local populations, they are rivaled by nonviolent

grassroots movements or Islamic groups that have no links to terrorist networks. For the Uzbek government, however, associating religious-political activity of any sort to violence serves its political aims. By proclaiming non-violent Islamic groups to be anti-democratic and anti-state, it uses notions of fanaticism and criminality to bolster itself in the name of national security.

It is legitimate for a state to address the risk of terrorism. However, Islamist terrorism, as portrayed by the authorities, is a mixture of stereotypes that constitutes a tool for repressing opposition and affirming their legitimacy as the population's sole defense against radicalization and violence. Sometimes this results in surprising conflations: some Jehovah's Witnesses have been accused of Wahhabism, for example, while some Protestants have been branded Islamist terrorists.

Suppressing Religious and Non-Governmental Groups

Beyond their rhetoric about the so-called terrorist threat, Uzbek authorities also bolster their legitimacy by preventing the emergence of non-state political, economic, and social actors who could establish themselves as rivals to executive power and delegitimize it as a result. As Seymour Lipset wrote in *Political Man: The Social Bases of Politics*, legitimacy "involves the capacity of the system to engender and maintain the belief that the existing political institutions are the most appropriate ones for the society."

This means that Karimov has to convince his people that he alone is able to guarantee the presidential function and uphold the common good. The government maintains its legitimacy by limiting the development of political awareness that might be aroused and spread by non-state actors, whether political, ecological, social, or religious. Since independence, the authorities have had increasing difficulty in maintaining these kinds of services, and the resulting gap has been, to some extent, filled by NGOs and religious groups. Mosques and other religious associations and communities (like Sufi brotherhoods) can provide space for social solidarity outside the official state framework.

Whether they are religious or secular, the majority of these organizations do not form part of any political opposition. However, the government views the presence of NGOs—whether foreign or local—in sectors such as health and education as political competition, even though the vast majority of these groups operate with the intent of cooperating with the state. They are seen as suspicious because they are capable of revealing political, social, and economic problems. Even if in an unintentional or roundabout manner, their activities may shed light on the government's incompetence in a given area and, as a result, undermine its legitimacy.

A notable illustration of this occurred during the tragic events in Andijan in May 2005. Locally, the Akramiyya movement was viewed as a religious and charitable

organization able to spread "economic morality" by establishing a higher minimum wage than the one offered by the Uzbek state. The movement created employment, promoted local economic development, and provided social welfare to the poor. Out of fear that this would be seen as a model of economic virtue in stark contrast to Tashkent's corruption and business predation, the regime denounced it as a terrorist movement financed by foreign networks.

To counter the potential for such groups to gain popularity, the Uzbek government has responded by limiting the operational space of both religious and secular groups through various means. These include using a restrictive religion law, establishing virtually insurmountable administrative hurdles for NGOs, expelling most foreign organizations, and re-establishing and developing a local *mahalla* (neighborhood) system run by the state. Uzbek authorities also regulate the establishment of religious groups through a draconian registration process, and they control virtually all religious books and materials. Official executive organs, including the Ministry of Justice, tax authorities, and other relevant government agencies, regularly launch inspections of NGOs. In 2005, the government mandated a process of re-registration, which led to a significant decrease in their number. Although in 2014 Karimov recognized the importance of developing civil society, regulations and practice have undermined his stated intention. For example, in June 2015, new procedures were adopted to obtain approval of all NGO events and most NGO activities.

Conclusion

The systematic regulation of religious groups by the Uzbek government remains broadly modeled on the Soviet system, under which religion was strictly controlled. This undermines the fundamental principle of the separation of state and religion that is stipulated in Uzbekistan's constitution. Despite the government's concern about religious organizations taking on a more political role, there does not seem to be much of a threat in this regard, and most of the population remains in favor of secularism. Nonetheless, the Uzbek government will likely continue to bolster its legitimacy by fanning fear of instability, Islamic extremism, and violent revolution and warning of the potential for chaos and state breakdown. By conflating NGOs—whether religious or secular—with extremism, Islam Karimov will continue to maintain power and avoid taking meaningful action to address the real economic and social problems facing his country.

Counter-Radicalization Policies in Central Asia

THE GOOD, THE BAD, AND THE UGLY

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George Gavrilis*
Independent Analyst

In 2011, four Central Asian states signed a Joint Plan of Action in Ashgabat pledging to work together to counter radicalization and terrorism in the region. Since then, Central Asia's states have fared far better than other world regions in avoiding or suppressing terrorism; indeed, the recent attacks in Bishkek and Kazakhstan are a reminder of how rare deadly terrorist attacks are in Central Asia in comparison to Europe, the Middle East, Africa, and the United States. And yet, most observers suggest that Central Asia's governments are doing poorly in countering growing radicalization across the region.

Central Asian officials insist that sustainable counter-terrorism policies must include partnerships with local communities and civil associations, but such insistence is rarely followed up with holistic programs to prevent extremism that can lead to violence and terrorism. This failure has less to do with weak state capacity or political unwillingness to work with communities; rather, it is rooted in ignorance of the drivers and extent of radicalization.

Central Asian officials remain both ignorant of radicalization movements within their own territories and its root causes. This knowledge gap has consequences for policymakers who sponsor programs designed to prevent radicalization in that region (and beyond). Closing this gap would help them retool existing initiatives in ways that strengthen counter-radicalization programs.

The Good: An Appetite for Cooperation

In recent years, Central Asian states have demonstrated greater interest and willingness to cooperate with one another on counter-terrorism. In November 2011, representatives of Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan came together in Ashgabat to sign a Joint Plan of Action for the Implementation of the United Nations Global Counter-Terrorism Strategy. This plan of action followed months of high-level meetings, and the

* George Gavrilis served as a counter-terrorism consultant to the United Nations in 2015 and 2016.

signatories agreed to undertake forty measures designed to prevent terrorism and address conditions conducive to the spread of violent extremism.

In many ways, the plan's numerous measures are unrealistic. According to one component, the signatories will:

> "specifically target…national strategies on youth, women, returning migrants and other vulnerable groups in initiatives for education, sustainable human development, social justice, including fighting poverty, and social inclusion in order to reduce their marginalization and vulnerability to violent extremism and recruitment by terrorists."

Another section commits the signatories to:

> "engage civil society and research institutions to raise public awareness of… national and regional counter-terrorism strategies, tap into local expertise to assist…in implementation, receive feedback on the effectiveness of…counter-terrorism policies, and facilitate two-way information sharing with the public."

These and other measures would ultimately require Central Asian states to undergo major makeovers of their coercive mechanisms as well as social and economic policies and attitudes toward their citizens. In short, it would require them to look more like European states.

The good news is that—despite the lofty goals of the above plans—Central Asian states have become more engaged with one another and the international community in counter-terrorism issues. Even Uzbekistan, which did not sign the Joint Plan of Action and follows a go-it-alone approach to security, is shadowing many of the measures.

More importantly, since signing the plan, Central Asian officials have come to recognize that they need to go beyond hard security measures. At a high-level meeting on radicalization that can lead to violent extremism in March 2016, Central Asian officials admitted that better engagement is needed with communities and public associations to prevent radicalization in the region and to de-radicalize those who had internalized violent extremist ideology.

A representative from Kazakhstan present at the meeting explained that such approaches have to be more proactive and intensive in reaching out to communities and that "we can't just do pamphlets" about the evils of terrorism. An official from Kyrgyzstan spoke about efforts by the prosecutor-general's office to create a website with useful narratives to counter extremist narratives ISIS is using to recruit young men and women to its ranks. At the same time, Central Asian officials and NGO

representatives present at the meeting admitted that such measures are passive and insufficient: It can take months to hammer out the language and format of such anti-extremist messaging, while ISIS churns out glitzier public relations material in a matter of hours. The high-level meeting ended with consensus that governments and societies across Central Asia must strengthen their collaboration to empower vulnerable communities to resist radicalization.

One further indicator of a shift in thinking across the region to counter-terrorism is the Secretary-General's Plan of Action for the Prevention of Violent Extremism (PVE), which was released in late 2015. The plan of action encourages all states to develop holistic PVE strategies. It also calls on governments to recognize that their own policies may intensify radicalization:

> "Nothing can justify violent extremism but we must also acknowledge that it does not arise in a vacuum. Narratives of grievance, actual or perceived injustice, promised empowerment and sweeping change become attractive where human rights are being violated, good governance is being ignored and aspirations are being crushed."

The response to the Secretary-General's plan has been muted in Central Asia with officials neither openly rejecting nor ignoring the PVE, despite its major attention to rights. Central Asian officials seem keen to expand collaboration with public and civil associations, while side-stepping the language of human rights.

The Bad: In the Dark on Radicalization

Any progress in Central Asia on the adoption of a more holistic approach to counter terrorism requires a solid understanding of the roots and extent of radicalization in the region. Yet studies of radicalization are few and far between and have several limitations:

1) they are often based on the extrapolation of patchy data leading to contradictory conclusions;
2) in the absence of data, they focus on describing or analyzing counter-radicalization programs; or
3) they are more interested in debating one another than in addressing the root causes of the phenomenon.

Consider the following studies commissioned by international organizations: One 2012 study based on extensive polling and focus groups in Tajikistan presented statistics concerning people's perceptions of the causes of radicalization and the extent of their familiarity with extremist groups. The study revealed that people tend to learn more about extremist groups from friends and family than from religious establishments or

mosques. Another internal UN study on Kyrgyzstan in 2015 warned about unfettered mosque construction in Osh oblast and cited the lack of religious and theological competence among law-enforcement agencies. While the first study underplayed the role of religion, the second study ascribed to religious sites a central role in radicalization processes.

A larger number of studies focus on government counter-radicalization programs and their chances at success. While some studies are exceptionally researched and highly analytical, such as Noah Tucker's series of articles published by the Central Asia Program on official initiatives to counter the narratives and ideology of violent extremist networks, most publications ultimately side-step the issue of how deep and broad radicalization is in the region. Moreover, scholars and experts seem more interested in debunking other studies than in providing better data themselves. One such recent example is the lengthy rejoinder by Heathershaw and Montgomery to International Crisis Group (ICG) reports, entitled "The Myth of Post-Soviet Radicalization in the Central Asian Republics." Heathershaw and Montgomery attack a series of claims that Islamization and radicalization are the same, that authoritarianism and poverty cause radicalization and that underground Muslim groups are necessarily radical. They fault radicalization studies for using scant and unreliable data and reading too much into isolated incidents. However thought provoking, they do not leave us with an alternate picture of where radicalization begins and ends in the region.

The lack of reliable data and knowledge creates a serious policy problem: while Central Asian officials laud the virtues of holistic policies, in the absence of solid data they fall back on what they know best. For example, they continue to favor hard counter-terrorism measures to punish or prevent terrorism rather than broader measures that might stem or slow the tide of radicalization. Tajikistan's authorities have been particularly aggressive at using the police and prosecutorial systems of the country to jail people they have labelled as radical, including members of non-violent opposition groups. By the first quarter of 2016, Tajik officials reported numbers of terrorist and extremism-related crimes that exceeded those of the entire previous year—a trend that is likely more attributable to intensified policing and hard measures than of an increase in violent extremism. This outcome has taken place despite the multi-year effort of the Organization for Security and Cooperation in Europe (OSCE) to assist Tajikistan in drafting a comprehensive counter-radicalization and counter-terrorism strategy. An internal report recently slammed the draft strategy for being too top-down, too focused on repression and violating freedom of religion and association.

Although it would be right to blame Tajikistan for its heavy-handedness, the international community and international organizations must share the blame in pushing Tajikistan to adopt policies that require a major makeover of its institutions and that do not operate with a clear theory of the drivers of radicalization. When asked why youth in Tajikistan are particularly vulnerable to radicalization, an OSCE representative

provided an answer that is all-encompassing, including: unemployment, poverty, labor migration, a lack of access to religion, poor religious education, an ideological vacuum, a perceived lack of future opportunities, and a lack of social engagement. These conditions can easily describe a large proportion of the youth in the developing and developed world alike, and yet Belgium's Muslims are eighteen times more likely to go to Syria or Iraq as foreign terrorist fighters than are Tajik citizens.

Given the multitude of unproven possible causes, Central Asian authorities tend to favor uncomplicated policies. For instance, many states remain heavily invested in the religious dimension of violent extremism, and they have deployed religious leaders to counter the narratives of ISIS, despite evidence indicating that religious leaders are not effective messengers. As Scott Atran explained at a UN briefing on Foreign Terrorist Fighters (FTFs) in November 2015, radicalization rarely occurs in mosques and 80 percent of FTFs have no religious education. It is hard to see what imams and religious leaders can do to prevent radicalization, especially if religion is not a motivating force. Counter-radicalization programs in Kyrgyzstan are learning this the hard way as they see little return on their investments in moderate religious messaging. As one NGO leader who works closely with state organizations explained to me, internet videos of young religious leaders reciting the Quran and spreading moderate messages have struggled to hit 500 views, despite taking months and substantial funds to produce.

The Ugly: Just Spend It Down

International organizations and donor states have jumped on the counter-radicalization bandwagon spending millions of dollars to encourage Central Asian states to adopt more comprehensive, preventative approaches to radicalization and counter-terrorism. Unfortunately, such international programs have been ineffectual, competitive, and even counterproductive.

For several years, the European Union has funded UN initiatives in Central Asia that were designed to implement the various measures of the Ashgabat declaration. The initiatives were little more than disconnected "talk shops" on what religious leaders, media, or border management actors can do to further regional counter-terrorism initiatives. Religious leaders attended workshops and made predictable statements on the need to protect Islam from being manipulated by violent extremists; media representatives were brought together for two days of quasi-training to learn how to better report on terrorism; and representatives of border control institutions attended a separate event where they outlined the challenges managing borders without any connection to counter-terrorism.

These events produced wordy reports replete with self-evident statements and recommendations while resulting in zero follow up. A 2016 event on recognizing and responding to radicalization that took place in Almaty was not much different. As a UN

official in charge of implementing the event told me, "Let's not get ambitious. We need a well-choreographed event where people will come, say some nice things and go home." Such indifference is particularly egregious at a time when European taxpayers, who have suffered major terror attacks on their own soil, could put counter-terrorism funds to better use domestically.

Fixing the Approaches

There is genuine interest in Central Asia for a more comprehensive approach to counter-terrorism. However, the approach that is being offered up by the UN or Western donors may not necessarily win out. Russia and China have become more actively involved in the region and are offering Central Asia different roadmaps for countering violent extremism. Chinese officials speak about the success their model has had in suppressing terrorist incidents in Xinjiang. While they describe their approach as one that includes deep engagement with communities, in reality much of it hinges on flooding communities with police forces. The Commonwealth of Independent States (CIS) offers a promising youth-oriented approach to counter-radicalization for member states through the work of its Anti-Terrorism Center, but in the Russian Federation itself the soft measures of the Medvedev era have long been supplanted by President Vladimir Putin's heavy use of police and the justice system, as well as a paramilitary approach in frontier areas like the Northern Caucasus. As an ICG expert explains, this approach has had immediate results, reducing terror incidents by 50 percent, even as it threatens to increase grievances and societal radicalization that can lead to much greater violence in the long term.

Central Asian officials are more likely to be wooed by initiatives that prevent or decrease terror incidents immediately rather than long-term programs that require painful reforms and styles of societal engagement with which they are not entirely comfortable. Yet there is hope because well-placed, high-level officials and technocrats seem convinced of the need for a preventative approach. For this outlook to prevail, the international community—in particular the UN and Western donors—must take several measures:

- Engage with Russia, the CIS, China, and the Shanghai Cooperation Organization (SCO) on countering-radicalization and not just counter-terrorism policies. While Russia and China may not find the approaches of the UN or Western actors like the United States, EU, and OSCE entirely favorable, it would be useful to have them agree with "do no harm" policies to the latter's approaches as they pursue their own initiatives.

- Sponsor studies on the causes and extent of radicalization in Central Asia and ensure their translation to/from English and Russian to ensure they reach all relevant policymakers. The focus of such studies needs to be on reliable data and dynamics of regional radicalization processes rather than debates on definitionFund task forces and working groups in each country to implement discrete, evidence-based elements of the PVE strategy, not bloated workshops dominated by international officials who lecture and talk over Central Asian representatives.

Measures such as the above can go a long way in addressing knowledge gaps in radicalization processes across Central Asia and lead to a more coordinated and effective implementation of PVE and counter-terrorism initiatives. Without such knowledge, the initiatives will miss the opportunity to make the most of a rare opportunity for meaningful cooperation across the region.

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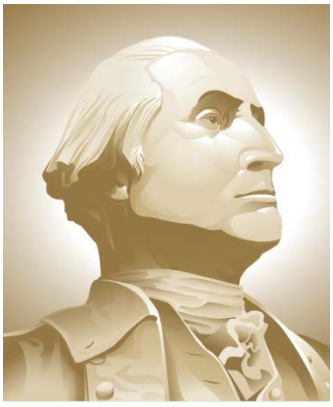

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